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REVIEW AND EVALUATION OF WORK PROGRAMMES (MID-TERM)

Policy review of technical cooperation

Note by the Secretary-General of UNCTAD

In accordance with paragraph 68 of the Cartagena Commitment, the Board "will conduct, midway between Conferences, a review and evaluation of the intergovernmental machinery, including its own; of technical assistance programmes and, bearing in mind the calendar established in this regard, of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference".

In order to assist the Board in conducting its policy review of technical cooperation, the Secretary General of UNCTAD decided to request two independent consultants to prepare a report to be submitted through the Secretary-General directly to the Board.

The consultants were requested to advise the Board on how "technical cooperation should be strengthened, expanded with the resources available and integrated into all relevant areas of UNCTAD work, taking into account the need for effective interaction among the main functions of UNCTAD and the need for continued effective coordination with other technical cooperation agencies of the United Nations system" (para. 61 of the Cartagena Commitment).

The Secretary-General was very pleased that Dame Margaret J. Anstee, assisted by Mr. Leelananda de Silva, accepted his invitation to prepare the report.

The Secretary-General has the pleasure to submit herewith to the Trade and Development Board the report as received from the consultants.

GE.94-51155 (E)

CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Geneva,
4 March 1994

Dear Mr. Dadzie,

We have the pleasure of enclosing the report - TECHNICAL COOPERATION: IMPLEMENTING THE CARTAGENA COMMITMENT - which we have prepared in accordance with your request and terms of reference prepared by the Secretariat.

We should be grateful if you would transmit this report officially to the Trade and Development Board.

We should like to thank you personally and your officials for their cooperation, and for the many kindnesses and courtesies extended to us. We would also like to take this opportunity to thank the President of the Trade and Development Board, and other representatives of Governments who assisted us in the course of our work as well as the representatives of international and other organizations associated with UNCTAD. We trust that this report will contribute in some small measures to the more efficient pursuit of technical cooperation activities by UNCTAD in the spirit of Cartagena.

Yours sincerely,

Margaret J. Anstee

Leelananda De Silva

Mr. K.K.S. Dadzie
Secretary-General of UNCTAD
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Geneva

TECHNICAL COOPERATION:

IMPLEMENTING THE CARTAGENA COMMITMENT

Report by Independent Consultants to the Trade and Development Board of UNCTAD

Margaret J. Anstee

assisted by

Leelananda de Silva

4 March 1994
Geneva

CONTENTS

		Paragraphs
I.	INTRODUCTION	1 - 5
II.	THE CHANGING CONTEXT	6 - 15
III.	PATTERNS AND TRENDS IN TECHNICAL COOPERATION	16 - 23
IV.	THE CONTRIBUTION AND IMPACT OF UNCTAD'S TECHNICAL COOPERATION	24 - 44
	A. Strengthening negotiating capacities	28 - 31
	B. Improving systems and procedures	32 - 38
	C. Human resources development	39 - 42
	D. National policy development	43 - 44
V.	PRINCIPLES AND PRIORITIES	45 - 67
	A. Comparative advantage	52 - 53
	B. Complementarity	54
	C. Strategic and catalytic interventions	55
	D. Differentiation	56
	E. Focus on the poor	57
	F. Substantive priorities	58 - 67
VI.	MANAGING TECHNICAL COOPERATION	68 - 111
	A. Prerequisites	68
	B. Methodologies and modalities	69 - 78
	C. Mobilization of resources	79 - 90
	D. Organizational and coordination questions	91 - 103
	1. Internal	91 - 94
	2. External	95 - 103
	3. Administration, personnel and financial matters	104 - 108
	4. Overhead costs	109 - 110
	E. Role of the Trade and Development Board	111
VII.	MAIN CONCLUSIONS AND RECOMMENDATIONS	112 - 140
	A. Main conclusions	113 - 124
	B. Main recommendations	125 - 140

ANNEXES:

Annex I: Extracts from "New Partnership for Development: The Cartagena Commitment"
Annex II: Policy review of technical cooperation: Terms of Reference
Annex III: List of member States and organizations consulted
Annex IV: Copies of communications to missions and to Resident Coordinators

I. INTRODUCTION

1. UNCTAD VIII at Cartagena marked a watershed for UNCTAD: a redoubtable challenge and a remarkable opportunity. The Cartagena Commitment redefined UNCTAD's future role in the multilateral system as four-fold: policy analysis; intergovernmental deliberation, consensus-building and negotiation; monitoring implementation and follow-up; and technical cooperation; and it specified that these functions are interrelated and call for constant cross-fertilization. 1/ To reflect the new focus, significant adjustments were made to the intergovernmental machinery of UNCTAD. It was further decided 2/ that, midway between Conferences, the Trade and Development Board would review and evaluate the work programme of the intergovernmental machinery; of technical assistance programmes; and of the programme budget and medium-term plan "so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference".

2. The present report is a contribution to the second part of the Board's mid-term review, namely on technical cooperation. It has been prepared by independent consultants, within the framework of the directives laid down in the Cartagena Commitment. These specified that technical cooperation should become a central and fully integrated function of UNCTAD. 3/

3. The new direction requires a comprehensive policy for technical cooperation which enables UNCTAD to mobilize budgetary and extrabudgetary resources to the full, and on the basis of agreed priorities, to exploit its technical excellence in selected fields, in support of developing countries and economies in transition. 4/ While UNCTAD has made progress in this regard, a more elaborate policy structure is required to reflect the new interrelationships between UNCTAD's primary functions. It is hoped that this report will assist in furthering this process.

4. The terms of reference established by UNCTAD for the present exercise are given in annex II. This report initially examines the new context for technical cooperation and the impact and contributions of past efforts, before outlining priorities. It then considers other aspects such as resource mobilization and the management of technical cooperation, and finally sets forth conclusions and recommendations.

5. In the short time at their disposal, the authors have consulted a wide cross-section of Governments of both developed and developing countries, both through meetings with their representatives and by correspondence; the secretariat of UNCTAD; UNDP Resident Representatives in a number of selected developing countries, in person and by correspondence; many international and intergovernmental organizations; and a large number of documents. A list of representatives of Governments and organizations consulted is attached as annex III. Annex IV contains copies of communications addressed to missions in Geneva and to Resident Coordinators. In thanking all who gave their time so unstintingly and conveyed their views so frankly, the authors wish to stress that they alone are responsible for the conclusions and recommendations contained in the report.

II. THE CHANGING CONTEXT

6. The dramatic changes in the world economy and in the international trading system, and their consequent impact on inter-country relationships and on the international institutional framework, have major implications for UNCTAD's technical cooperation. The milieu to which UNCTAD was born, and has accustomed itself, has changed beyond recognition. The bloc system of negotiations which was a basic feature of UNCTAD has diminished in importance. Its unique claim to universality in the trade and finance sector is now challenged as the Bretton Woods institutions and the new World Trade Organization are also emerging as institutions with a universal membership. Perceptions of the role of trade in development have also been transformed: the inhibitions of the 1970s with regard to TNCs, direct foreign investments, and open economies have been largely dissipated.

7. The international trading system is now geographically closely integrated, and production systems of TNCs, and small and medium enterprises are intertwined. Competitive pressures demand that developing countries adjust their economic and trading systems rapidly to exploit global opportunities. Finance, investment and technology are also linked integrally with trade, and traditional demarcations between them have been eroded. **Technical cooperation must therefore adopt integrated approaches, especially at the policy level, while those in the broad area of enhancing the participation of developing and other countries in international trade must respond to the new competitive environment.**

8. The multilateral trading regime which governs world trade has similarly undergone major changes. With the Uruguay Round agreements, and the new World Trade Organization, multilateral norms will apply to trade in goods, services, intellectual property, and foreign investment. The traditional division between domestic and external policies will have little relevance, as international trade emerges as a "domesticated" issue, impinging on many aspects of internal policy. Trade negotiations in the future will be more of an incremental nature, calling for continuing agenda development, and clarification of issues and consensus-building. Over the next decade, there will be major demands by developing countries for technical support to enable them to adjust to new multilateral realities, and develop their own agenda in areas such as trade and environment, restrictive business practices, and services.

9. The regional factor is especially significant in emerging trading relationships. In all parts of the world, there is greater economic collaboration within regions and subregions. A significant amount of trade and investment will be intraregional. These developments will demand changes in technical cooperation in the broad field of ECDC, and in UNCTAD's relationships with regional economic commissions. **UNCTAD could be a major resource centre for the more operationally oriented commissions, especially in the area of macroeconomic policies, trade and transport.**

10. Adjustments will also be needed to take account of the diminishing role of the State in trade and economic development, and the correspondingly more salient place of the private sector. New relationships have to emerge between the State and the private sector at the national level, moving towards a more

facilitatory and enabling, rather than regulatory, environment. **Technical cooperation activities that enhance the participation of developing countries in international trade - for example in the area of trade efficiency - have absorbed these changes to a great extent, but new approaches are required across the board.**

11. There is increasing differentiation among developing countries, not only in GNP, but also in technical, technological, institutional, and organizational sophistication. **There are explicit demands for a diversity of approaches, and more graduated modalities of technical cooperation.** Not all developing countries require basic technical support in the trade sector.

12. The dramatic developments in information technology have important consequences for trade, finance and transport. Developing countries need to obtain access to the technologies involved. Many developing countries themselves have significant technical capacities, which are being used even by TNCs. **Technical cooperation can make use of technologies involved in areas such as "distance learning".**

13. There is also a major new concern in human development. This is often interpreted as concern with greater allocation of resources to the social sectors. But human development also demands economic growth, and the two are closely interlinked and mutually reinforcing. **Technical cooperation therefore needs to focus on the relationships between human development and trade, and the broader objective of sustainable development.**

14. UNCTAD's technical cooperation activities have gradually absorbed many of the implications of these contextual changes, though this has occurred more through a pragmatic awareness of these developments, rather than through a systematic approach to the adjustment and reform of its technical cooperation activities. **It is now time to undertake a more conceptual analysis of the implications of glob l systemic changes for UNCTAD's technical cooperation activities overall, especially in che spirit of Cartagena, and taking into account the new subjects and emphases requested by member States during that Conference.**

15. **Member States themselves, both developed and developing, need to review their policies in the light of the Cartagena Commitment, particularly paragraph 62, which recognizes that "a strengthened and expanded technical cooperation programme will require political support and increased extrabudgetary financial contributions".** Ironically, the call for UNCTAD to become more operationally and country-oriented came at a time when resources from the traditional mainstay of UNCTAD's technical cooperation programme, UNDP, were in relative decline, and when the competition for development funds from other sources was becoming ever more acute. More bilateral resources have indeed been forthcoming since Cartagena, in some cases from new donors, but the overall financial context remains very difficult and the variety of terms and conditions of funding imposes its own constraints, as will be demonstrated later.

III. PATTERNS AND TRENDS IN TECHNICAL COOPERATION

16. From being a marginal activity, technical cooperation has emerged as a central function of UNCTAD, growing from an annual average of US$ 10 million in the four years 1981-1984 to around US$ 20 million for 1990-1993. It now amounts to around one third of the regular budget, compared with less than 10 per cent in the early 1970s. In the last three to four years, UNCTAD has emerged as probably the leading technical cooperation agency in the trade sector as broadly defined. Nevertheless, its technical cooperation budget is still less than 10 per cent of any one of the major United Nations specialized agencies: it amounts to only about 1/2 per cent of all United Nations system operational activities (excluding Bretton Woods institutions); it is not much larger than the annual UNDP IPF of some of the developing countries.

17. With the increasing importance of technical cooperation, and probably as a result of the corresponding (though not consequential) decline in the relative dominance of the negotiating function, extrabudgetary resources have been supplemented through the regular budget. The expressly defined allocation for technical cooperation amounts to no more than US$ 1 million, or about 2 per cent of the regular budget. Analysis of the tasks in which UNCTAD personnel are engaged shows, however, that over 20 per cent of the UNCTAD regular budget is primarily devoted to servicing technical cooperation. There are significant variations from one division to another. The Services Development and Trade Efficiency Division probably assigns over 50 per cent of its regular budget resources to work involving technical cooperation; while the Global Interdependence Division probably assigns only about 10-15 per cent. The International Trade Division probably allocates around 30 per cent of its resources to matters related to technical cooperation compared with only a small proportion in the case of the organizational entities dealing with least developed countries, economic cooperation among developing countries, and commodities. In some cases lower allocations for technical cooperation may well reflect donor reluctance to finance extrabudgetary activities in these areas. If these regular budget allocations are included, UNCTAD's total annual technical cooperation and related expenditures exceed US$ 30 million.

18. Regular budget posts play a vital role in the servicing of extrabudgetary technical cooperation through the proper maintenance and updating of central technical resources for back-stopping and for follow-up and it is therefore essential that UNCTAD's technical cooperation has a core base in the regular budget separate from that provided through the United Nations regular programme of technical cooperation. **It is also important to address the issue whether there should be more explicit recognition of the regular budget contribution to the servicing of technical cooperation.**

19. The relative decline of UNDP as a source of funding has already been mentioned. Up to about the late 1980s, UNDP's contribution was in the order of 80 per cent of total UNCTAD technical cooperation; it is now only about 60 per cent. This is primarily due to the increase in Trust Fund contributions: UNDP's absolute contribution has diminished and is now less predictable. A number of reasons may be attributed: UNDP's diminishing share of the technical cooperation resources available to the United Nations system; the sharp decline of the regional and intraregional budgets of UNDP in the

fifth cycle, (nearly 75 per cent of UNDP financing for UNCTAD's technical cooperation comes through inter-country programmes and projects); and the dominant concern of UNDP in recent years with human development, giving rise to the perception that international trade and finance issues do not qualify for UNDP funding. More positively, discussions held with the new Administrator of UNDP and some of his senior colleagues in the course of this review revealed willingness to fund UNCTAD technical cooperation in this area, provided it could be shown that gains from expanded trade would be used to help alleviate poverty and facilitate sustainable human development. **UNDP is eager to engage in a policy dialogue with UNCTAD on trade as the engine of development. UNCTAD should follow up this opening promptly with specific proposals.**

20. Another striking characteristic has been the dramatic growth of trust funds made available by bilateral donors, amounting to some 500 per cent over the last five years and now amounting to around 40 per cent of all technical cooperation expenditures. Though the starting base was low, this is a most encouraging feature, attesting to UNCTAD's entrepreneurship in seeking out funds based on its undoubted technical capacities and to the remarkable response from several countries of the donor community. While the nature of these Trust Funds varies, there is probably less flexibility in their use than in the case of UNDP. They have been primarily assigned to sectors such as customs and debt management, shipping and ports, GSP and food procurement, areas more concerned with management and practical hands-on activities than with research, analysis, and policy development. This contrasts with the technical cooperation activities financed by UNDP, where the regional and intraregional focus is equally distributed between customs, data management and transit/transport projects on the one hand and policy issues on the other. **In order to implement the Cartagena conclusions, it is essential to find more predictable arrangements for financing technical cooperation for policy development.**

21. Around one third of UNCTAD's technical cooperation deals with issues based on research and analysis, and mainly concentrated on the international trading and financial system, including assistance to developing countries as regards multilateral trade negotiations. Almost all the remaining two-thirds is devoted to trade efficiency, ASYCUDA, DMFAS, GSP and Shipping and Ports. This pattern of allocations is an inevitable corollary of the system of funding, and the recent heavy reliance on Trust Funds. There is also considerable fragmentation: 245 activities, with a total budget of around US$ 120 million, gives an average expenditure per project of less than US$ 500,000; only about 10 per cent of projects and programmes cost over US$ 1 million. **This means a heavy administrative load, and a more streamlined resource pooling arrangement should be considered, especially for related activities.**

22. Concern has been expressed about the decline of UNCTAD resources to some regions in the last one or two years particularly Africa, as a result of a sudden decline in UNDP's regional funding. The basic problem is that UNCTAD has very little discretion as to how technical cooperation resources are allocated among regions since they are derived either from UNDP country IPFs, or from its regional and intraregional allocations. Funds are therefore assigned to UNCTAD on the basis of UNDP's priorities and the requests of

recipient Governments. Similarly for Trust Fund resources, donor agencies earmark a considerable proportion of their resources to specific countries, regions and subregions.

23. **Technical cooperation statistics need urgent attention if there is to be proper evaluation of UNCTAD's programmes and projects.** Their presentation has improved enormously in the last few years and the annual and biennial publications are especially commendable but there is significant scope for further improvements. These can only come through the reform and adjustment of reporting systems for individual projects; an earlier evaluation report of the MTN project referred to this necessity. For example, information on human resources development is not adequately disaggregated.

IV. THE CONTRIBUTION AND IMPACT OF UNCTAD'S TECHNICAL COOPERATION

24. The Cartagena Commitment stipulates that the mid-term "policy review" of technical cooperation 5/ "should assess the results and as necessary ensure continued support for these activities". The more detailed terms of reference drawn up by UNCTAD suggest that the consultants should examine "the impact and results of UNCTAD's technical cooperation and the lessons to learn from the implementation of programmes/projects". This is a vast and difficult task in any circumstances, made more so in this case by tight constraints of time and resources which made in-country assessments impossible, except in two or three instances where the consultants happened to be visiting in other connections. The review had therefore to be confined mainly to a desk evaluation, drawing on existing reports and views of a wide spectrum of representatives of donor and recipient Governments, funding organizations, UNDP Resident Representatives and officials of the UNCTAD secretariat.

25. The UNCTAD programme presents particular difficulties since its technical cooperation activities are widespread and diffused over a large number of countries and are supported by relatively modest material and financial resources. Furthermore, at the national level there are generally several different counterpart ministries or entities with which UNCTAD cooperates. Technical cooperation is primarily a transfer of knowledge and ideas and any attempt to isolate the contribution of any one source to an inherently complex process is extremely hazardous. In the trade sector, for example, any set of negotiations, or any individual country's policy makers are subject to diverse influences and UNCTAD's technical counsel constitutes only one input among many. Moreover, results cannot easily be measured, as any impact (or lack of impact) in the short term could well be subject to change in the longer term.

26. It should perhaps be stated at the outset that an otherwise virtually impossible task was made easier by the generally overwhelmingly favourable opinions expressed - with only one or two exceptions - about UNCTAD's technical cooperation by virtually all whom we consulted. This does not mean to say that there were no criticisms but rather that these were usually couched in the form of suggestions for the improvement and expansion of programmes that had already proved their worth. Commendation of UNCTAD's recent innovations and new departures, especially in hands-on, practical projects producing measurable impact in the short term was particularly widespread. The distinctive impression that comes through from interviews,

letters, and documents is that many UNCTAD technical cooperation activities have addressed practical concerns of Governments and those which emerge in the context of evolving international economic relations. Governments require advice on many vital issues - for example, accession to GATT (both China and the Russian Federation have sought UNCTAD's assistance); relieving bottlenecks in Southern African Railways; operating the Somalia ports in the emergency circumstances of a massive humanitarian aid effort; negotiating debt relief in the Paris Club. For landlocked countries, UNCTAD's technical cooperation activities in the transport sector constitute an important channel for bringing their economies into the mainstream. These are only illustrative of the diversity and range of UNCTAD's not always high profile activities which have a crucial bearing on the economic improvement of many developing countries.

27. What follows is a brief and broad overview of the strengths and some weaknesses of UNCTAD's technical cooperation programmes to date. It categorizes UNCTAD's technical cooperation programme under four objectives - strengthening negotiating capacities; improving systems and procedures; human resources development; and national policy development. These rubrics do not capture the entirety of UNCTAD's technical cooperation activities and there are some overlaps among them, but in view of the limitations of space, this seems the most satisfactory way of observing UNCTAD's contribution and impact.

A. Strengthening negotiating capacities

28. UNCTAD's involvement in strengthening negotiating capacities, broadly defined, can be divided into three parts. First, is UNCTAD's assistance, towards strengthening the technical capacity of developing countries in on-going negotiations, primarily for multilateral rule-making and development. UNCTAD's crucial contribution has resulted in developing countries being more actively involved in the multilateral regime building process. Second, and to an extent indistinguishable from the first, is UNCTAD's active engagement in conceptual development on trade-related issues, for example, in the services sector and in trade, finance and environment issues. While these might not be immediately relevant to a current set of negotiations, they are the building blocks for emerging agendas of international negotiations. Third, comes UNCTAD's long-standing involvement in assisting regional bodies to strengthen their capacities and stimulate greater economic cooperation among developing countries.

29. UNCTAD has provided considerable technical cooperation in the framework of the Multilateral Trade Negotiations (MTN). Over a decade ago, developing countries, then only marginal to the rule-making processes of the international trading system, were assisted in the Tokyo Round. Circumstances had changed dramatically by the time the Uruguay Round was nearing conclusion and UNCTAD's support to developing countries has been an important and positive input into the final outcome. Through activities largely funded by UNDP, UNCTAD enabled many developing countries to be highly articulate negotiators, especially in those areas vital to their interests. High-quality research was undertaken which has left an imprint on the entire negotiating process, particularly in the services sectors, which were relatively new areas for multilateral rule-making. Developing countries have been virtually unanimous in saying that such projects were of invaluable assistance in

enabling them to deal with market access issues, in responding to developments in the services sector and in intellectual property, and, for those countries which are seeking to enter GATT, in clarifying the implications of accession. It is also significant to note that UNCTAD's assistance did not only strengthen the negotiating capacities of developing countries but served the interests of all parties by elucidating a number of substantive issues and so assisting in policy development. If there was a shortcoming in this area, it was the relative failure to be more attentive to the potential for institutional development in developing countries, or to use to the maximum the intellectual expertise available in selected developing countries.

30. Another area in which UNCTAD has made an important contribution, with funds both from extrabudgetary sources and from the regular budget, is in the broad area of financial resources for development. There is a continuing process of intergovernmental negotiations in institutions such as the IMF and the World Bank, and especially in the context of bodies associated with these institutions such as the Development Committee. Support extended to the G-24 (the group of developing countries within IMF and IBRD) has taken the form of innovative research on improvements to international financial and monetary arrangements and these have had a conceptual impact on the provision of finance for development. UNCTAD's support to selected developing countries in their negotiations with the Paris Club is generally recognized as productive. The experience, the expertise, and the accumulated knowledge, information and data which UNCTAD possesses have made it a valuable resource centre for developing countries engaged in debt negotiations. This is a good example of how a very modest outlay, judiciously used, results in a disproportionate and welcome saving in resources for hard-pressed developing countries. UNCTAD has also been usefully involved in the ACP-Lomé Negotiations, though it might have been more constructive had UNCTAD been able to play a larger role.

31. UNCTAD's technical cooperation work in strengthening regional and subregional institutions has a long history: organizations such as the Asian Clearing Union, the Bangkok Agreement, SADCC in Southern Africa and Latin American regional arrangements have benefited from UNCTAD's work, through advice on issues such as tariff arrangements, financial clearing systems, and other forms of closer collaboration. UNCTAD continues to strengthen the trading impact of the GSTP. Much technical cooperation work in Economic Cooperation Among Developing Countries has been determined by bodies such as the Group of 77 and the Non-Aligned Movement, whose agendas have themselves been closely influenced by both regular and technical cooperation activities of UNCTAD.

B. Improving systems and procedures

32. Efficient collection, organization and management of data and information are crucial to the productive management of national economies and for the efficient conduct of trade. UNCTAD has in recent years concentrated a significant proportion of its technical cooperation resources on helping developing countries improve their systems and procedures in international trade and finance. These programmes have encompassed a wide range of activities - systems development, developing and updating computer software

packages, and installing computer systems in individual countries and in the offices of subregional and regional organizations, as well as training and advisory services.

33. The overall impression is that, with a few exceptions, these interventions have been avidly sought by developing countries, and that donor agencies have responded to these needs. These activities have been financed both by UNDP and by Trust Funds of bilateral donors in almost equal measure, which is one indication of the demand for these programmes, their relevance to needs and the mutual interest of both donors and recipients. Apart from increasing the general economic efficiency of recipient countries, these systemic and procedural reforms help improve the smooth functioning of the international trading and financial system as a whole, albeit modestly. This has happened primarily through the propagation of common and consistent standards in data collection systems, data presentation and data analysis and in enabling improved access to such data and information. It is abundantly clear that technical cooperation in this area also serves the interests of both developing and developed countries. Since it is predicated on major information and data capacities built up over time, and on the "state of the art", which is constantly and rapidly evolving, **it is essential that these capacities continue to be sustained, improved and kept up-to-date.**

34. One of the earliest technical cooperation programmes in systemic and procedural improvement focused on maritime transport and more particularly shipping and ports management. Maritime cargo information systems, harmonized port tariff structures, simulation models of port revenues and an Advanced Cargo Information System are some of the activities that have benefited. Evaluations of these programmes concluded that the contribution of UNCTAD has been significant, especially to poorer developing countries, mainly in Africa. UNCTAD's technical capacities also led to its being entrusted with the rehabilitation and management of the Mogadishu and Kismayu ports in Somalia alongside the United Nations peace-keeping operation.

35. In the broad field of trading operations, the customs management (ASYCUDA) Programme has contributed significantly to the reform and improvement of customs management. Customs procedures and the methodology of data collection have undergone radical transformation in many countries (over 50 are implementing ASYCUDA Programmes) and these reforms have led to speedy transactions, benefiting the private sector in these countries immensely. Customs revenues have seen substantial and rapid rises, and opportunities for untoward practices reduced. Customs is normally considered a bureaucratic and regulatory agency, and ASYCUDA has helped to place this institution more squarely in the development context. Technical cooperation in trade facilitation has been equally productive, though it is too early to make any judgement on the contribution and impact of the Trade Efficiency programme and especially the establishment of Trade Points. What can be stated is that UNCTAD's conceptualization of trade efficiency issues, and the development of a methodology for its operationalization have been imaginative and have elicited positive responses both from developing and developed countries. Another valuable contribution can be seen in the field of Trade Control Measures, where UNCTAD established a large inventory of non-tariff barriers, which is now being transferred to developing countries through the trade analysis and information system (TRAINS). However, the experience with

another computer software programme - SMART - has not been equally satisfactory as access to, and updating of, data were not assured, though it was useful for Uruguay Round processes.

36. Another well-regarded programme is the debt management and financial analysis systems (DMFAS), which has emerged as a key instrument in the management of the external debt of many countries and illustrates the impact that technical cooperation can make when it is aimed at critical, high priority issues. There are several examples of efficient debt management systems and negotiations resulting from DMFAS, which have led to important gains for the countries concerned. The debt negotiating process has gained in efficiency as a consequence of improved information.

37. Overall, UNCTAD's contribution in improving systems and procedures has been commendable. **It demonstrates what is feasible in related areas of economic management, and should stimulate developing countries to develop their own computerized systems and procedures.** The private sector, and other organizations, are also engaged in identical activities, but UNCTAD's contribution has been generally superior in terms of quality, coverage and costs. It enjoys the major advantage of being able to generate significant economies of scale due to its engagement in a large number of countries, and through standardization. **It may well be timely to explore the feasibility of recovering some of the costs of these services from clients, and with this in view, new institutional arrangements might be considered, such as hiving off data management activities to an autonomous non-profit making institution.** This subject will be pursued in a later section.

38. While there is undoubtedly a great opportunity to develop computer software systems, and other procedural and systemic improvements in the broad field of trade, it needs to be borne in mind that these systems and procedures can be effective only in a dynamic trading context, where developing countries generate exportable surpluses. There was a period a decade or two ago when technical cooperation activities attached high priority to the development of export promotion boards and agencies. There is now some disillusionment on this score. It is important not to be carried away by immediate euphoria regarding the excellence of these systems and procedures. Unless they contribute to trade expansion or greater efficiency, there is no particular attraction in them. **It is also necessary to seek every opportunity to enable developing countries to develop their own computer software,** as even least developed countries have significant computer expertise in their own countries and such expertise can be used cost-effectively, enabling indigenous institutional development at the same time.

C. Human resources development

39. Human resources development (HRD), a primary objective of most technical cooperation activities, has been widely pursued by UNCTAD, especially in the fields of multilateral trade negotiations, GSP, ports and shipping, insurance, customs and trade facilitation and food procurement. UNCTAD's statistics indicate that about 14 per cent of all technical cooperation expenditures is allocated to training, and this is probably an under-estimation arising from the accounting and reporting procedures adopted. (An evaluation report has pointed out that these methods should be revised to generate more accurate and

reliable statistics). It is recorded that in the last two years, around 4,000 persons have been trained each year in various fields. In each of the sectors mentioned above, large numbers have been trained during the last decade, for example, over 4,000 officials in GSP alone. UNCTAD has also developed a training methodology (modular course material, training of trainers, training networks) starting with TRAINMAR in the ports and shipping sector, and now extended to broader areas of trade through TRAINFORTRADE. These modular courses contain important basic information on key aspects of international trade.

40. While there is little hard information on the outcome and the impact of UNCTAD training activities (e.g. on types of participants, their subsequent deployment, their perceptions of training) the overall impression gained from evaluation reports is positive, and they appear to have been instrumental in equipping a large number of relevant officials of developing countries with a basic knowledge of key trade issues. There are many developing countries without even basic training arrangements in the trade sector and programmes of this kind are therefore particularly productive.

41. There are shortcomings in the current approaches to training activities. They are excessively weighted in favour of short-term training courses of one to two weeks. Whether such training has any long-term impact can be doubted, not because of inefficiencies in the programmes themselves, but because of the absence of follow-up arrangements. Many developing countries do not now require basic types of training but more sophisticated forms for middle and high level officials. **This obviously demands differentiated approaches to training.** Another recorded shortcoming has been the lack of intensive engagement of local, national institutions in these programmes, with the possible exception of a few sectors such as ports and shipping, where regional networks of institutions have been established.

42. While these activities are indeed essential and important, and while it is recognized that UNCTAD could make a very valuable contribution, **it is appropriate now to examine more efficient and cost-effective, and more widespread training methodologies, especially in the trade sector.** Training so far has been undertaken at random, and there is no assessment of needs in the trade sector. With the dramatic changes in the international trading scene, and in the new context of trade liberalization, there are massive requirements in the public and private sectors of most developing countries. These cannot be met comprehensively from traditional types of technical cooperation activities, and **more innovative methods need to be pursued, especially in linking up with local and national institutions and through mechanisms such as distance learning. More long-term training arrangements need to be developed through such institutional linkages, both for basic and for more advanced types of training. A more structured approach by UNCTAD to such programmes should be initiated through a modest training focal point within UNCTAD which might take the form of a Trade Development Institute.** The nature of this institution is discussed later.

D. National policy development

43. UNCTAD's research and analytical work has important implications for the development of national policies. However, there is no significant evidence

that such research and analysis is translated into policy-making in developing countries. There are many technical cooperation projects and programmes which have significant components of national level policy advice, primarily in sectors such as ports and shipping, insurance, technology, restrictive business practices, and only subsidiarily in the policy mainstream of trade, finance and macroeconomic management. There is an obvious and distinctive gap between UNCTAD's research and analytical outputs, skills and expertise in the mainstream of policy development, and the technical cooperation activities in which it is engaged.

44. There are many reasons why UNCTAD has so far not been active in mainstream national economic policy-making through technical cooperation activities. UNCTAD itself has focused on regional and interregional projects and has not been anxious to become the executing agency for national projects, so that there has been no active search for policy development activities at the national level. It is also evident that donor funding has not been forthcoming for the latter to the same degree as for more practical activities such as trade facilitation. UNCTAD's potential contribution in mainstream policy making has also been overshadowed at the country level by the Bretton Woods institutions and by lack of direct contact with the Ministries of Finance and Central Banks. **In the current context of major changes in trade and trade-related macroeconomic policies, and with the growing integration of economic sectors, UNCTAD could make a major contribution to developing countries by a greater involvement in mainstream policy-making at the country level.** Especially in the least developed countries, where UNCTAD has important mandates, there is the opportunity, the feasibility and the desirability for greater involvement by UNCTAD. **The new system of intergovernmental bodies in UNCTAD, with their greater professionalism and technical orientation also offers an important channel to influence national policy development.** In some of these bodies, it is already evident that there have been exchanges of national policy experiences on key issues such as privatization. These could be the entry points for productive technical cooperation engagements in policy development. The institution of a policy advisory capacity within UNCTAD will be dealt with in a later section.

V. PRINCIPLES AND PRIORITIES

45. The potential expansion of demand for UNCTAD's technical cooperation by developing countries could be virtually limitless if one takes into account the long catalogue of desirable activities listed at Cartagena, and the plethora of new requirements that have emerged subsequently as a result of the successful completion of the Uruguay Round. The Cartagena Commitment did not, of course, specify priorities, nor could it make financial provision to cover its ambitious agenda of technical cooperation, apart from appealing to Governments to give generous financial as well as political support. In addition to the mandates of Cartagena, there are other technical cooperation assignments arising from the Paris Conference on Least Developed Countries, agenda 21 of the United Nations Conference on Environment and Development, the new demands of economies in transition, and the decisions of various intergovernmental bodies in UNCTAD since Cartagena.

46. In practice, financial constraints are likely to play a major role in determining the scope of UNCTAD's technical cooperation programmes. Despite

an encouraging rise in contributions from some donor countries in recent years, and notably since Cartagena, and while some suggestions are made later about how the financial base may be broadened and strengthened, no realistic grounds exist at the moment for expecting a breakthrough into "the big league", financially speaking.

47. A related question is the justification for UNCTAD's continuing to provide technical cooperation. The mandate given by member States at Cartagena is unequivocal, but it might be argued that the situation has been modified since, particularly by the emergence of a new multilateral institution, the World Trade Organization, although its precise functions and structure have still to be determined. It is devoutly to be hoped that member Governments will avoid the trap of duplicating what already exists, especially where things are working well.

48. In the authors' opinion, UNCTAD's continuing involvement in technical cooperation is fully justified for a number of reasons, among which three stand out:

(a) it has a proven track-record, especially in certain specific fields;

(b) the subject matter with which it is concerned is highly complex and controversial, involving high stakes, and open to differing perceptions and even disputes; hence, the availability of independent and objective advice is vital for developing countries. UNCTAD is better placed to provide this than either the WTO or the private sector;

(c) UNCTAD is cost-effective. The poorer developing countries would certainly be unable to meet private consulting firms' fees.

49. The conclusion to which these thoughts lead is that UNCTAD is likely to remain a relatively small technical cooperation agency but one that can play a vital and unique role by filling selected and strategic technical cooperation niches in the development and management of the international trade and financial system. By carefully choosing its ground, and collaborating effectively with related sister organizations, it can have an important impact on the development of policies and systems both at the national and international levels. Selectivity is therefore of the essence.

50. UNCTAD has already developed the nucleus of a technical cooperation policy in the aftermath of Cartagena, wisely based on the guiding principles of comparative advantage and selectivity. 6/ It also expects to focus activities on national capacity building and engage in close collaboration with other institutions of the United Nations system. While these indications seem relevant and appropriate, it may be helpful to elaborate further some of the principles that, in the authors' view, should guide UNCTAD's technical cooperation.

51. Five broad principles are suggested as the framework for technical cooperation over the next decade - comparative advantage; complementarity; strategic and catalytic interventions; differentiation; and, focus on the poor.

A. Comparative advantage

52. UNCTAD'S comparative advantage lies in several directions. First, technical excellence in selected areas of research and analysis and policy development offers UNCTAD major opportunities in areas such as services, competition and restrictive business practices and trade and the environment in the broader context of the international trading system. This is merely an illustrative, and not an exclusive, list. Second, its information and data capacities at a global level should enable it to offer unrivalled technical cooperation in these areas. Third, its track record in several specialized areas (GSP, shipping, trade facilitation and customs) has enabled it to build a comparative advantage, especially through its capacity to achieve significant economies of scale. Fourth, legislative mandates within the United Nations system (Commodities, Poverty Alleviation) also establish comparative advantages when dealing with these issues.

53. A more general area in which UNCTAD should seek to increase its comparative advantage further is by strengthening the mutually reinforcing relationship between its policy analysis work and its technical cooperation programmes. A good deal has been done in this regard, but more could be achieved. This has some structural and procedural implications which will be dealt with later.

B. Complementarity

54. Activities of three multilateral institutions are critical to the development process of developing countries - IMF, World Bank and the future World Trade Organization. The principles, policies and practices of these agencies will have an important bearing on the nature and pace of development in developing countries. These principles, policies and practices are shaped through complex negotiating processes, and though developing countries have only a relatively minor role, there is the opportunity for them to influence decision-making, provided that they are technically backstopped by organizations such as UNCTAD. This is the complementarity of UNCTAD as an institution. The more extensive the negotiations on development issues in these institutions, the greater the role that UNCTAD has to undertake in strengthening negotiating capacities of developing countries. Similarly, the more these agencies are engaged in developing countries, the greater the need for UNCTAD to provide alternative and complementary visions through its technical cooperation. The new World Trade Organization could lead to new demands on UNCTAD for technical cooperation from developing countries.

C. Strategic and catalytic interventions

55. UNCTAD will be undertaking a large body of research and analytical work in the context of its mandates and in the servicing of intergovernmental negotiations of varying types, which is relevant to technical cooperation. It is important for UNCTAD to select those areas of its work which are most relevant to requests for technical cooperation and UNCTAD interventions need to be strategically placed in the context of the overall development policies of recipient countries. Issues need to be selected where UNCTAD's technical cooperation could make a difference. Also, as agendas change constantly, it is essential that UNCTAD responds to changing demands. Privatization is high

on the agenda at this point in time, and developing countries need technical cooperation in that area. This might not be so in a few years' time. **It is important to avoid long-term engagements either at the global or at the country level so that UNCTAD has the flexibility to move with the times.**

D. Differentiation

56. Developing countries are more highly differentiated now than two decades ago, and consequently their needs and demands are also significantly more varied. **UNCTAD's technical cooperation must respond to this new situation which demands more country-specific approaches than previously.** Many countries have pointed out the need for them to move "up market" since basic types of training and expertise are no longer necessary, in view of their own growing technical capacities. Many other countries, especially among the least developed, require more basic approaches. **UNCTAD needs to match the level of technical sophistication on offer to these increasingly varying demands.**

E. Focus on the poor

57. UNCTAD's technical cooperation offers free facilities to developing countries. **With the increasing differentiation already noted, and the escalating demands for technical cooperation among the least developed and poorer countries, especially in Africa, UNCTAD needs to focus its resources on the latter, which stand to benefit most since they do not have either the technical or the financial resources to undertake research or develop their data bases. These are also the countries which UNCTAD should help enter into the mainstream of global trade and finance. The Division on Least Developed Countries, equipped as it is with desk officers for each group of LDCs, should monitor the technical cooperation needs of these countries and identify those which UNCTAD could meet, which other substantive divisions of UNCTAD can then follow up. The new mandate in the area of poverty alleviation also offers UNCTAD the opportunity to focus on those issues of poverty which can be addressed through international systemic adjustments and national macroeconomic, and especially trade, policies. It should not lead to more general treatises on this subject but pinpoint the practical ways in which policies and technical cooperation falling within the sphere of UNCTAD can be brought to bear on the matter and can make a difference.**

F. Substantive priorities

58. Given the above principles it is feasible to identify a few selected areas on which UNCTAD could focus, drawing on the Cartagena Commitment and other recent intergovernmental decisions. They are by no means exclusive, and are only indicative of the capacities that UNCTAD possesses for mounting efficient technical cooperation programmes. **It is important to ensure a careful balance in UNCTAD's technical cooperation programme between research and analysis and policy development on the one hand, and systemic and procedural improvements on the other. Equally, there should be a greater focus on national policy issues, reflecting UNCTAD's work on global systemic development.**

59. **An area of high priority will be the multilateral trading system, in the aftermath of the Uruguay Round.** UNCTAD has already made a valuable contribution during the Uruguay Round. With the establishment of the World Trade Organization, and of new multilateral norms, developing countries will require a great deal of sophisticated technical expertise in order to adjust to the new system and carry out their obligations. **UNCTAD, through technical cooperation, could assist in these domestic policy adjustments, and in the work these countries have to undertake in connection with Trade Policy Review Mechanisms (TPRMS). Also, with the establishment of the WTO, there will be continuing negotiations on international trade system issues, where UNCTAD assistance will be essential to developing countries. UNCTAD's role will be especially significant in the areas of services, the relationship between trade and environment and competition policy and control of restrictive business practices. Continuing technical cooperation for GSP will be especially necessary for the least developed countries.**

60. The work on the international trading and financial system will be complemented by the additional capacity now transferred to UNCTAD from the former United Nations Centre for Transnational Corporations. There could be important substantive synergies arising from the amalgamation of UNCTC's operations with those of UNCTAD, and there is also much to learn from the expeditious delivery practices of the CTC. UNCTC has also established a high reputation for technical excellence in analysing TNC operations, and in strengthening negotiating capacities in developing countries. **It is important that the distinctive identity of TNC work should be maintained within UNCTAD, while at the same time linkages should be developed with the trade and technology divisions on technical cooperation, especially in the area of services and restrictive business practices.**

61. Commodities have been a leading subject for UNCTAD since its inception. However, since work programmes on the Integrated Programme for Commodities (IPC) were run down, and with changing trading circumstances globally, related technical cooperation activities in commodities have not so far discovered the most appropriate niches. **The work planned on commodity risk management, and on commodities and environmental issues, is certainly an appropriate response to developing countries' needs, but it is necessary to go further and become more involved with the central issues of national commodity policy in developing countries, especially the least developed. With UNCTAD's new mandate for poverty alleviation aspects of development, technical cooperation in this sector could focus on commodity policy in relation to its implications for the poor. Human development issues in developing countries are closely linked to commodity prices and commodity earnings, and UNCTAD might consider undertaking technical cooperation activities on the relationship between human development and the commodity economy at the national level.**

62. Technology is intertwined with trade and foreign investment. The impression is that UNCTAD's technology division could further exploit the potential for establishing linkages with trade and finance, and TNCs. **While technical cooperation on technology policy at the national level is highly desirable, it should not be seen as isolated from UNCTAD's work on trade and TNCs. Within the broad field of technology, technical cooperation might concentrate on specific tasks which UNCTAD is best placed to undertake, such as stimulating linkages between academic research and enterprise development.**

63. The Bretton Woods institutions have shaped the international agenda on resources for development, with UNCTAD playing a subsidiary and complementary role. It is now even more important for UNCTAD to continue to provide technical cooperation in the field of international and monetary systems so that development perspectives are not lost sight of in the context of the financial liberalization and deregulation which are now proceeding apace, and whose consequences to developing countries are still little known. UNCTAD has established a special relationship with the Group of 24 which should continue, not only in the interests of developing countries, but also those of an equitable global system, now encompassing the former centrally-planned economies. It is also important to sustain the unique UNCTAD contribution to debt management and to debt negotiations, and, in the context of data management, to extend its work to enable developing countries to manage their total financial resources, both external and domestic, more efficiently. A complementary role to that of the Bretton Woods institutions is particularly appropriate in the least developed countries, for which UNCTAD has a special mandate.

64. Privatization and entrepreneurial development have emerged as important themes in domestic policy adjustments in developing countries, and UNCTAD has responded by building up its own capacities. Technical cooperation in this area could be valuable both for developing countries and for formerly centrally-planned economies and should be pursued. Here, UNCTAD should be in a position to complement the work of financial agencies by helping countries to adopt a more pragmatic approach.

65. In shipping and maritime transport and transport logistics, UNCTAD has built up important comparative advantages which must be sustained, especially in view of the demands for technical cooperation. It is, however, important that the assistance provided moves "up-market" as in many countries the basic capacities have already been established.

66. Economic Cooperation among Developing Countries (ECDC) suffers from the legacies of the past. At a time when there is trade liberalization, deregulation and a diminution in the role of the State, major changes are required. Collaborative arrangements among developing countries cannot any longer be predicated primarily on cooperation among State agencies. UNCTAD's technical cooperation in this area has also been focused on regional integration arrangements which now have a momentum and capacities of their own. As a precondition for a more active programme in ECDC, basic conceptual work needs to be undertaken on new modalities for technical cooperation in the context of the rapidly changing world economic order, where many developing countries now possess major technical, financial and trading capacities of their own, and are establishing new relationships even with developed countries.

67. Customs and Data Management are areas in which UNCTAD has key technical capacities. In recent years, in the fields of trading operations and efficiency, trade statistics (TRAINS) and Customs (ASYCUDA), UNCTAD has played the leading role in promoting radical changes in systems and procedures. The forthcoming United Nations Symposium on Trade Efficiency and the preparatory work leading up to it should offer new opportunities. These have to be built upon. Consideration should also be given to extensive decentralization to

developing countries, using the technical expertise available there for the development of computer systems and software packages. Even large transnational corporations are increasingly making use of such expertise in the context of production globalization. **It is also important to make a distinction between those systems of data and information management which need to be internationally consistent (e.g. international trade statistics or Customs data), and data and information required for domestic policy-making purposes (commodity information such as MICAS). In the latter, it should be feasible for UNCTAD to act as a catalyst through limited strategic interventions which can then be followed up by relevant national agencies.**

VI. MANAGING TECHNICAL COOPERATION

A. Prerequisites

68. The prerequisites of a sound system of technical cooperation are the setting of priorities (already dealt with above); efficient arrangements and modalities for the generation, transfer, dissemination of knowledge, especially through advisory services and training programmes; an adequate and predictable flow of financial resources; an appropriate division of labour and complementarities, both as regards internal structures and with relevant counterpart institutions; and efficient mechanisms for services delivery. All these constitute the management function in technical cooperation. The practices and the procedures adopted so far in UNCTAD for managing technical cooperation have responded to, and are the outcome of, the manifold demands and pressures from donor countries and agencies, and recipient agencies and countries. The overall impression is that technical cooperation activities have been managed with a reasonable degree of efficiency, and with a sense of commitment, though some shortcomings, not all of them within UNCTAD's control, have been noted, and will be addressed in the next sections. Moreover, within an evolving process, refinements and improvements need to be constantly made. **There is significant scope for technical cooperation arrangements of the types mentioned above to be reformed and reformulated to achieve the objectives desired by the Cartagena Commitment.**

B. Methodologies and modalities

69. A major aim of technical cooperation in the context of UNCTAD is to transfer to developing countries the reservoir of expertise, skills and information that it possesses, or to which it has ready access, so that they can improve their institutional and systemic capacities and policies and procedures. The standard methodology is to channel such knowledge through projects and programmes, and UNCTAD has been no exception. Policy and technical advisory services, training programmes, and research and analytical work have all been undertaken through projects and programmes, financed by UNDP and other bilateral donors. **These tried and tested methods should be continued wherever they are appropriate. It is however necessary that UNCTAD be constantly on the alert for new and innovative cost-effective mechanisms for generating and transferring knowledge.**

70. The preceding analysis has emphasized the need for differentiation: the days of the medium or long-term international expert are over, except in very specific cases and circumstances, usually in the least developed countries.

National execution is increasingly becoming the norm, especially in programmes and projects funded by UNDP. **UNCTAD can still, however, play a vital role by providing up-to-the-minute support to nationally executed projects through a variety of mechanisms: ad hoc consultants, seminars, training, computer software, among them. National execution should offer UNCTAD more opportunities than previously, as the administrative chores of country level projects can now be left to executing Governments, and UNCTAD can focus on delivering substantive expertise. This requires a greater familiarity at the field level with UNCTAD and the cost-effective mechanisms at its disposal to transfer expertise and meet training needs.**

71. Another emphasis in these pages has been on the need to devote more technical cooperation to policy-related matters. This is easier said than done, not only because of the very general nature of such cooperation but because recent trends in funding and the emphasis on bilateral sources demonstrate that the donors now providing an increasing share of UNCTAD's technical cooperation prefer to invest their money in concrete, finite activities, showing short-term, measurable results. **Yet if the dictates of Cartagena are to be heeded, especially those which enjoin the secretariat to forge a strong link between policy analysis and research and technical cooperation and also to respond to growing demands arising from the changes in the world trading systems, then this tendency must be rectified.** Traditionally, it is UNDP which has mainly financed this kind of broader activity, which is, moreover, attuned to the "programme approach" espoused by that organization. **It is, therefore, of the utmost importance and urgency that the recent relative decline in UNDP's share of UNCTAD's technical cooperation funding be reversed, through the rapid initiation of a policy dialogue on ways and means of promoting trade as an engine of development and, more particularly, of generating the resources required to fund and sustain the human development goals which now constitute UNDP's priorities, as well as contribute to poverty alleviation, as required by UNCTAD's Cartagena mandate. But it is also important that member States which established these more general objectives in Cartagena be prepared to provide financial support.**

72. Conceptual dialogue on its own will not be enough. **Cost-effective modalities for transmitting the findings of policy research and of adapting them to each country's specific needs must be found.** The consultants' terms of reference requested advice as to whether UNCTAD "should launch a new programme of policy-based advisory services". The conclusion reached is that this should be done in a way which is flexibly adaptable to changing country needs, cost-effective, and avoids any impression of "selling" programmes or projects. **The authors' preference is therefore for a "fire-fighting" capacity or "rapid reaction" mechanism which can respond to urgent needs and requests of developing countries.** The demands made on these countries by various organizations, both bilateral and multilateral, for analytical work on key aspects of their policies and programmes are immense and constitute a large burden on their modest technical resources. Such work is critically important to enable them to negotiate aid, trade and investment arrangements, and other forms of economic cooperation. UNCTAD has in the past assisted countries in selected fields whenever urgent requests have arisen, for example, in the Uruguay Round negotiations. Similarly, the United Nations Centre for Transnational Corporations, in its earlier more autonomous incarnation, has undertaken a range of activities of this nature, especially involving

negotiations with transnational corporations. **To make this effective, interdivisional arrangements should be set up in UNCTAD whereby staff representative of key disciplines would be on call and ready to respond promptly, individually or as part of a team, as circumstances demand, to requests which would be coordinated centrally.** It would clearly not be feasible, and certainly not cost-effective, to envisage comprehensive in-house coverage of all possible areas of need. **It would therefore be essential to support the internal arrangements with a variety of specialists of proven competence and experience in areas of possible demand, whose services could be made available rapidly on a "retainer" basis, either individually, or through lists provided by member States.**

73. **A corollary of this is that UNCTAD should develop linkages with "centres of excellence" in both developed and developing countries - universities, foundations, private sector institutions, etc. which could provide reliable advice rapidly, possibly as part of a team. UNCTAD should, in short, become a catalyst for ensuring developing countries receive first-class advice promptly within the area of its mandate.**

74. **By the same token, UNCTAD should establish a parallel network on the "demand" side, in order to foment institutional and organizational development.** A large constituency of organizations in developing countries has a major interest in UNCTAD's work programmes, and a desire to establish longer-term relationships with UNCTAD, for exchange of expertise, joint research activities, partnership arrangements for training, and dissemination of information. Similarly, in the private sector, there are bodies such as Chambers of Commerce which are actively engaged in trade-related information generation and research which can gain immensely from expertise in UNCTAD. Where there is real interest, it should be feasible to fund at least part of such arrangements locally.

75. **There are other ways in which these institutions could be more involved with UNCTAD's programmes, for example, through correspondence and modern communications facilities.** Government agencies, research institutions and universities in developing countries continuously need to solve various macro and micro-economic issues. **A resource centre like UNCTAD could help, but not through the standard types of projects and programmes. UNCTAD should consider creating a central focal point in Geneva with which these organizations can establish contact, and make their requirements known.** It is not always necessary or desirable that experts should visit countries to tender their advice. In an age of mass communications, more cost-effective correspondence and telecommunications contact systems should be developed.

76. **UNCTAD should also develop its role further as a resource centre for regional and subregional bodies, and for various specialist intergovernmental and non-governmental organizations engaged in the broad field of economic and social development.** Such linkages should enable UNCTAD to reach out to a very wide influential community of policy-makers and to those who influence policy. In this connection, **it is particularly important that UNCTAD should strengthen its relations with the United Nations regional economic commissions** - a subject on which more will be said later.

77. Training is a key modality in technical cooperation. The view has earlier been expressed that too much emphasis has been placed on short-term training and that training has often been random, determined by the availability of resources. Yet UNCTAD has also developed systems such as TRAINMAR and TRAINFORTRADE, which are basically modular forms of training materials suited for mass dissemination through training institutions. In the developing countries, there is a tremendous demand for training, especially in the current environment of economic deregulation, trade liberalization, and the new dynamism of the private sector. **A more systematic and concerted effort by UNCTAD is clearly needed. One way of doing this would be to establish, under the auspices of UNCTAD, and on a modest basis, a Trade Development Institute as a centre for training.** Initially, such an initiative could be started with in-house expertise, supplemented by a small amount of extrabudgetary resources; in the longer run it should become self-financing. This Institute will be basically a Unit within UNCTAD and entrusted with the tasks of developing training materials, establishing linkages with training institutions in developing and developed countries, assisting the establishment of training networks in key areas of trade, and generally stimulating training in international economic and commercial relations. It should be seen as a catalyst to generate a major effort, not by UNCTAD itself, but by Governments, the private sector and appropriate training institutions. The nomenclature, and flavour, of an "Institute" should provide the profile and the focus which are essential to a sustained training effort in the trade sector.

78. The transition of UNCTAD to the more relevant, operationally-oriented institution envisaged in Cartagena cannot be the responsibility of the secretariat alone. Cartagena also established a new system of technical and professional intergovernmental bodies, in which government representatives with professional expertise would take part. They thus have a potentially crucial role in ensuring that the objectives enunciated at Cartagena are translated into action, including - and perhaps especially - in technical cooperation. A number of government representatives who have met with the consultants have, however, observed that the Working Groups, for instance, have not fully addressed the issues of technical cooperation. **It is important that this opportunity for transmitting member States' opinions and directives should not be missed. These bodies could generate insights into specific and relevant technical cooperation demands, and also act as conduits for transferring knowledge to developing countries. Country representatives might be alerted to the potential for technical cooperation and encouraged to build up related activities in their own countries, with support from the divisions concerned in UNCTAD. In other words, UNCTAD could use the services of governmental personnel participating in its intergovernmental machinery as a link with related programmes of their Governments.**

C. Mobilization of resources

79. As already noted, a major change has occurred in the overall resources structure of UNCTAD - a sharp increase in the last decade of the total funds available for technical cooperation, a decline in the relative share of UNDP, an impressive increase in the funds available from bilateral and other donor sources through trust fund arrangements, and a not insignificant contribution from developing countries and from other multilateral organizations. While

resources have increased, they are still modest and cannot yet match the demands or the potential of UNCTAD for technical cooperation. The decline of UNDP's share and the rise in bilateral trust funds have also accentuated the shift of UNCTAD's technical cooperation activities from policy-related technical cooperation to data management, and reforms and improvements in systems and procedures. There is also a sharper donor focus on selected recipient countries as well as considerable conditionality, both informal and formal, attached to trust fund arrangements. The proliferation of trust funds has also led to significant administrative burdens on the secretariat.

80. **If UNCTAD is really to respond to the aspirations and directives of member States as expressed at Cartagena, it is imperative to depart from the present "ad-hocism" to a more consistent and solid approach to questions of funding. First and foremost, a determined effort must be made by the UNCTAD secretariat to obtain greater support from UNDP,** following up the initiatives already described in this report. **Resources from UNDP should be sought at all levels - interregional, regional, subregional and at country levels. UNCTAD has not fully exploited the opportunities available through UNDP country programmes, primarily owing to the lack of a field presence. This should be overcome through a process of more systematic and regular contacts with UNDP Resident Representatives, and United Nations resident coordinators, through well presented newsletters and especially by contributing to the country strategic note prepared by the United Nations system at the field level.**

81. However successful, this on its own will not be enough. **If Governments themselves are serious about implementing the course of action they laid down in Cartagena, they must change their approach and their funding modalities.** It is true, as said earlier, that the commendable increase in bilateral funding has greatly facilitated the expansion of UNCTAD's technical cooperation. Inevitably, however, such contributions are coloured and conditioned by the individual preferences of Governments and the resulting mix by no means adds up to a coherent reflection of what was intended at Cartagena. There have also been instances of attempts to use bilateral funding as leverage to influence internal UNCTAD administrative and personnel matters.

82. There are many confusions and contradictions in the present situation which it is imperative to elucidate, to avoid misunderstandings and to ensure that the decisions undertaken at Cartagena have some chance of success. Some Governments, for example, among the major contributors, have expressed concern that UNCTAD has not sufficiently redeployed regular budget resources to reflect the priorities established in Cartagena, including that accorded to technical cooperation. The consultants would agree that more could and should be done in this regard. Some of these same Governments have, however, traditionally opposed the use of any part of the regular budget for technical cooperation though admitting its use for technical cooperation-related functions, a distinction not always easy to define.

83. Such views are worthy of respect. It must be recognized, however, that it is difficult to reconcile pragmatic redeployment of the budget with restrictions on the interchangeability of different sources of funds. Furthermore, the Cartagena Commitment required a close synergy between policy research and analysis and the technical cooperation provided to developing

countries. This is in practice impossible if the two sets of activities are carried out by completely different groups of people. **In practical day-to-day terms, if technical cooperation is to be effective, an official concerned with policy analysis funded under the regular budget must contribute to technical cooperation if the synergy envisaged in Cartagena is to take effect.** De facto a significant portion of UNCTAD's regular budget is now directly or indirectly contributing to technical cooperation. This is the most economical way of combining both intellectual and financial resources.

84. **If this pragmatic approach of increasingly harnessing the regular budget to the Cartagena concept of a more operational UNCTAD is not acceptable to Governments, then, in order to meet the requirements of Cartagena, even greater increases in extrabudgetary financial contributions would be required than those suggested below.** Even if these were forthcoming, however, they would not resolve the conceptual requirement of forging a close mutual link between research and analysis on the one hand and technical cooperation on the other. There is a dichotomy here that only member States can resolve.

85. **In any event, considerable increases in extrabudgetary funding will also be needed, from both bilateral and other (including non-traditional) sources and should be available on a more rational and predictable basis.** The terms of reference required the consultants to ascertain the degree of support for a general UNCTAD Trust Fund. Such a fund presents obvious advantages, particularly to the extent that it contains unearmarked contributions:

- more flexible use of funds in support of objectives espoused by the overall membership at Cartagena (e.g. policy advisory work, new and emerging issues such as trade and environment, RBPs, etc.);
- more flexible response to relevant needs of individual developing countries;
- more efficient yet more flexible financial management of the overall resources available for technical cooperation;
- saving of time and effort involved in managing a myriad of small funds;
- faster response to urgent needs of developing countries (sometimes vital projects are now held up for a year or more while funding is sought);
- greater transparency and consistency of the whole spectrum of UNCTAD's technical cooperation activities and funding;
- greater universality, if developing countries also contribute, even modestly;
- greater "neutrality", especially desirable if, as suggested below, funds may be sought from sources such as the private sector, in which case it will be essential to avoid any semblance of conflict of interest.

86. There are of course some drawbacks. Most bilateral donors have traditionally preferred separate special-purpose funds so that they can more closely control the objectives for which they provide funds and have detailed accounting of how they are used (though some of these requirements have not always favoured smooth and expeditious delivery of technical cooperation). There is also the question of whether the time is ripe for launching such a fund, given the continuing economic and budgetary problems in many countries and the desire of many treasuries to exert increasing controls over the internal financial workings of international organizations.

87. Notwithstanding, the widespread inquiries made by the consultants revealed broader support for a General Trust Fund than might have been expected, both from existing bilateral donors and prospective new donors, the latter including a number of developing countries which expressed willingness to contribute. It would not be realistic to expect such a fund to attract only unearmarked contributions, as envisaged in the terms of reference, at least initially, but there seem grounds for hope that part at least might come in unencumbered form. It would also be necessary to devise adequate systems of control and accountability, and some countries would probably wish to maintain the existing system of separate funds, at least until it is seen how the new arrangements work.

88. It is accordingly proposed that a hybrid approach be adopted. A General Trust Fund should be set up to which both earmarked and unearmarked funds could be contributed, to the extent possible on a multi-year basis. Existing donors should be invited to transfer their funds from special-purpose trust funds to the General Trust Fund, retaining the separate and specific character of these funds if they so wish; if they do not wish to do so then the special trust fund in question should be retained. New contributions should also be encouraged, particularly from developing countries, and of an unearmarked nature. Careful controls of a general nature should be established, with full detailed reporting being provided to the Working Party on the Medium-term Plan and Programme Budget and the Trade and Development Board, on an annual basis. Both of these bodies should examine all aspects of the technical cooperation programme (substantive, financial and administrative) in depth. A special review of the functioning of the new arrangements should be undertaken one year after their inception to assess progress and introduce any needed modifications.

89. In addition to the proposed General Trust Fund and the more traditional sources of finance, other possibilities that should be explored include:

- Regional development banks. The impression is that linkages with regional development banks could be much closer and that there is joint interest in working together on regional trade issues, particularly the relationship between trade, development and poverty alleviation. UNCTAD already has some experience with the World Bank which might now be widened to include the regional banks.

- Intergovernmental organizations. There are many intergovernmental organizations, for example, commodity bodies, regional and subregional organizations, which could benefit from UNCTAD's expertise in their own selected fields and who might consider collaborative arrangements in research and analysis with UNCTAD.

- Private sector. Suggestions came from many quarters that private sector agencies, most notably transnational corporations, which benefit, directly or indirectly from UNCTAD's technical cooperation (e.g. trade facilitation and customs projects) might be interested in providing financial support. This could be of a general or specific nature (e.g. trade and environment or restrictive business practices) but even in the latter case it would be preferable if it could be channelled through the proposed General Trust Fund to avoid any semblance of conflict of interest.

- Non-governmental organizations. UNCTAD's research and analytical work is of interest to many NGOs, and might be provided on the basis of equitable payment arrangements.

- Reimbursement of services by recipient Governments. This is already occurring to a certain degree but the practice could be expanded in all but the least developed countries, especially where measurable quantitative returns can be shown. It would be facilitated by the introduction of a mechanism such as the associated, self-financing consultancy agency proposed in paragraph 108.

90. **Contributions need not be only financial in character. A number of countries have provided valuable contributions in kind - services of experts, equipment, etc. This practice should be expanded,** among other reasons because it provides an easier channel of providing assistance for countries suffering acute budgetary restrictions. **Efforts should also be made to put such contributions on a more systematic and predictable basis. It would, for instance, be helpful if countries (and perhaps also private sector and TNCs) could provide UNCTAD with regular lists of the kinds of services they could provide, cost-free (or expenses only) on which UNCTAD could draw at short notice.** Not only would this be more cost-effective but it would also facilitate the policy advisory ("fire-fighting") capacity proposed in paragraph 72.

D. Organizational and coordination questions

1. Internal

91. Such new departures will require a radical new approach to the management, organization and coordination of technical cooperation within UNCTAD. The suggestions that follow will not affect the new structures announced by the Secretary-General of UNCTAD while this study was in progress, but do have some implications for the distribution of technical cooperation responsibilities among the various Divisions, particularly as regards the vexed question of centralization versus decentralization.

92. In 1988 the management of technical cooperation was decentralized to the individual substantive Divisions, leaving a coordinating function only to a small central Technical Cooperation Policy and Coordination Unit. This arrangement has many advantages, notably by strengthening the substantive responsibilities and input and the linkage between regular and technical cooperation activities. It has also demonstrated some serious weaknesses, however: the lack of integration of activities across Divisions, inadequate interchange of experience between divisions on technical cooperation activities, different policy approaches and management practices among Divisions, and sometimes conflicting approaches to donors and recipients; the latter has been particularly evident on the critical question of funding, where different divisions have at times been in competition between themselves, as well as with other organizations, in the scramble for increasingly scarce funds for development cooperation. Many substantive Divisions also complained of the excessive additional burden on substantive staff both of fund-raising and of the minutiae of day-to-day management of technical cooperation projects. This diverts them from their substantive responsibilities and results in less than optimum use of resources.

93. In the consultants' view, the solution lies not in a reversion to the centralized arrangement prevailing before 1988 but in a regime somewhere between that and the present one, supported by some internal management measures. **The Technical Cooperation Policy and Coordination Unit should be vested with authority and a modest addition in staff to enable it to steer the technical cooperation process towards greater efficiency and consistency.** The key elements here are responsibility for developing a comprehensive policy for UNCTAD as a whole, so that fragmented approaches are avoided, and for coordinating all negotiations with donors of all descriptions for the mobilization of funds. The establishment of a General Trust Fund would greatly facilitate a more consistent and controlled approach. The Unit should also be the central window for contacts with recipients and with the rest of the United Nations system, both at Headquarters and in the field; it should be involved in project and programme development and should develop common technical cooperation methodologies and evaluation procedures and monitor their application. **Clear guidelines should be developed on the respective roles of the Unit and of the substantive Divisions. The latter should retain the primary responsibility for design and development of projects, and for their implementation.** It is their responsibility to establish intensive linkages between their regular work programmes and technical cooperation activities, and enable the enrichment of the regular work programmes through a continuing feedback process from technical cooperation activities and vice versa. Substantive divisions within UNCTAD have their own channels of contact with both recipient and donor Governments and other agencies, which should continue to be drawn upon and encouraged but within a disciplined framework and as part of a team effort. **Steps should also be taken to lighten the load of project administration, e.g. by appointing to each substantive Division involved in technical cooperation at least one "project management officer" (more in the case of Divisions with a large technical cooperation programme) whose job it would be to deal with day-to-day matters. Such tasks could be entrusted to senior general service staff members, who might be financed from overhead, or redeployed from other functions now of lesser priority in the wake of Cartagena.**

94. In order to ensure consistent policies and a team approach, including on technical cooperation aspects, it is essential to have an effective mechanism which brings senior managers together on a regular basis to discuss, develop and coordinate policies and ensure the coherent functioning of the organization. The new organizational structures envisage regular senior staff meetings under the chairmanship of the Secretary-General or one of the Deputies. **Beyond this, it is proposed that, under the overall body, a small Technical Cooperation Committee be set up, serviced by the Technical Cooperation Unit, which would meet briefly but regularly to harmonize policy, funding and implementation processes, ensure the exchange of relevant information, seek practical solutions to common problems and jointly agree reports and presentations to the Working Party on the Medium-term Plan and to the Trade and Development Board.**

2. External

95. An essential precondition for the efficient development, design and implementation of technical cooperation programmes is close and selective collaboration and coordination with key relevant agencies both within and outside the United Nations system. UNCTAD's programmes cover a wide range of the entire spectrum of development issues, and cooperation is necessary with many agencies. This report will not attempt to deal with them all but only those considered most central.

96. Nearest home are the activities specifically in the area of trade of the International Trade Centre UNCTAD/GATT (ITC), the GATT, and, in the near future, of the new World Trade Organization. In the past, GATT's technical cooperation has been confined to providing advice and training on very specific and highly technical and legal matters directly related to the functioning of the GATT. Whether its successor body, the WTO, will follow the same limited approach, is still far from clear; more will be said on this below.

97. The more immediate and central concern relates to the ITC. Operating under the joint aegis of GATT and UNCTAD, it was set up exclusively to provide technical cooperation. While both ITC and UNCTAD are engaged in technical cooperation (the latter increasingly so, and likely to be even more so as a result of the Cartagena directives), there has been a traditional division of labour: ITC's concern is more with practical trade issues such as export marketing, UNCTAD's with policy-related matters. Even conceptually, such a distinction inevitably contains some grey areas, and demarcation between the two has become more blurred over time, particularly in recent years, as a result, on the one hand, of UNCTAD's revised mandate emanating from Cartagena and, on the other, of the uncertainties surrounding ITC in the last two years, in the absence of the appointment of an Executive Director and the consequent reduction in voluntary funding pending clarification of that issue. A few of those consulted in the preparation of this report have contended that UNCTAD now undertakes many activities which could have been handled by ITC (trade facilitation, data management, ASYCUDA) and similarly a number (albeit more limited) of UNCTAD-type activities, e.g. trade policy issues have been undertaken by ITC. The UNCTAD activities mentioned in this connection are among its most successful and productive and, it has to be recognized, fill a vital gap not being met by ITC. There are cogent arguments for not "changing

horses in mid-stream". The core problem is that, although a joint liaison group exists between UNCTAD and ITC, it has not been very effective. Collaboration has been mainly confined to project and programme levels. **Once a new Executive Director of ITC is appointed, it is essential to establish a better mechanism for dialogue on policy and a clearer division of labour, as well as greater complementarity of action, including more joint undertakings, than at present, as well as conceptual consensus-building for new issues such as trade and environment.**

98. In a rational world, and a rational international system, the (partly fortuitous) conjunction in time of the new directions for UNCTAD decided by member States at Cartagena, the hiatus in ITC, and the emergence of the WTO might be expected to lead to a complete realignment of respective functions in technical cooperation in trade and even, as a small minority have suggested to the consultants, to some institutional consolidation. In practice, however, such developments are not perfectly synchronized in time, nor are they determined by consistent policies, or by the same policy-makers, even on the part of single States. The old adage - "the perfect is the enemy of the good" - must always be kept in mind. There are too many examples in the United Nations system where zeal for structural reform and the ideal organogram has led to diminished effectiveness rather than the reverse. **It is the consultants' view that, in the present circumstances, where many imponderables exist, a pragmatic approach is preferable which will allow what has been shown to work well to continue and if possible be improved, while devoting major efforts to achieving better inter-linkages and mutual cooperation between the organizations concerned, as suggested in the previous paragraph in relation to ITC. It is also the consultants' considered opinion that, even with a more universal WTO, there is still a vital role for UNCTAD, particularly in technical cooperation, given the massive adjustments required of developing countries to conform to new multilateral trading rules, and the continuing need for monitoring and updating of multilateral rules and agendas. UNCTAD's focus will be on incorporating the development dimension in multilateral trade rule making, and facilitating intensive backward and forward linkages of international trade with national development, as well as conceptual consensus-building for new issues such as trade and environment.**

99. **By the same token, there is a great scope for further thinking by Governments on the role, if any, that should be played by WTO in technical cooperation, and on the relations that should evolve with UNCTAD. It is difficult for the consultants to speculate further on this in the absence of clearer indications of Governments' intentions. They therefore confine themselves to expressing the hope that, in refining WTO's functions in this sphere, great care will be exercised to take UNCTAD's role and activities into account and to avoid creating duplication of effort. It is recommended that UNCTAD IX review this whole aspect in 1996 in the light of developments in the interim.**

100. The relationship with UNDP is vital and has already been dealt with, both as regards policy dialogue and resource mobilization. **The proposal to set up a joint board on trade and environment is a positive development and the principle might be applied to other areas, for example a joint working group on developing the relationship between trade and sustainable human development. Closer relationships are also needed at the field level.** The

lack of a field presence makes it imperative that UNCTAD uses the UNDP Resident Representative and United Nations Resident Coordinator to keep developing countries informed of UNCTAD's technical cooperation work programmes, and its potential in key areas of economic policy making. Current regular contacts between UNDP at the field level and UNCTAD need to be pursued much more vigorously, at least in selected countries. As indicated earlier, UNDP Resident Representatives should be kept personally informed on a regular basis of UNCTAD's technical cooperation developments, so that they can be brought to the attention of concerned parties.

101. UNCTAD also has important interfaces with the Bretton Woods institutions. The World Bank, in particular, expressed satisfaction with various complementary and/or joint activities that have taken place. This collaboration has been generally confined to the substantive division of UNCTAD concerned with the subject in hand. **Again, there is ample scope for expanding these contacts and developing them on a more systematic and consistent basis through the Technical Cooperation Unit.**

102. Individual divisions of UNCTAD also have relatively continuous contact with the regional economic commissions. With the broadening and deepening of the multilateral trade norms and regimes to include many new sectors, it is necessary for UNCTAD to undertake in-depth examination of the potential for concrete regional technical cooperation in collaboration with these commissions. To this end, **it is recommended that the existing joint UNCTAD-Regional Commission units initiate action to identify joint technical cooperation programmes which can be mutually beneficial.**

103. A wide range of possibilities exists for closer cooperation in productive technical cooperation with other agencies of the system: ILO, IMO, ITU, FAO, UNIDO, WIPO, etc. Now that the multilateral trade agenda includes a new range of issues such as agriculture, services, labour services and labour standards, investment and technology and intellectual property issues, these agencies will be pursuing activities of relevance and interest to UNCTAD, **and there should be cooperation between them on research and analytical work, and on technical cooperation both at the policy and the field level.** There will be many areas in which UNCTAD expertise could be valuable to these institutions, and similarly in reverse.

3. Administration, personnel and financial matters

104. **The recognition that technical cooperation is one of the three central components of UNCTAD, the increasing magnitude of resources devoted to technical cooperation, and the relative shift towards bilateral donors in terms of sources of financing, make it imperative to streamline the administration of technical cooperation.** Current administrative and financial procedures are too cumbersome. UNCTAD needs to convince both donor and recipients that its technical cooperation arrangements are as efficient as those of other competing agencies, including the private sector. This is also required in view of UNCTAD's own advocacy role for better and improved systems and procedures in developing countries. Reiterated appeals at successive UNCTAD Conferences, including Cartagena, for greater operational flexibility

to be granted to UNCTAD in budgetary, financial and administrative matters, have produced no noticeable change, leading to the very real danger that such resolutions become merely ritual incantation.

105. It has always been the case that the administrative and financial rules of the United Nations have been more geared to the requirements of a Headquarters operation than to the expeditious delivery of operational programmes of technical cooperation. UNDP and the specialized agencies have more flexibility in this regard, and any technical cooperation programme incorporated into the central organization operates at a disadvantage. Ironically, some moves towards greater flexibility have been stemmed recently by member States' growing concern with the internal financial management and control of the organization. It is by no means suggested that financial responsibility and accountability should be relaxed but rather that there are ways of achieving these desirable objectives compatible with speedy delivery of technical cooperation, and likely to lead to much better use of resources. Horror stories have been retailed to the consultants, from both inside and outside the secretariat, of inordinate delays in recruitment of key personnel or the procurement of equipment.

106. Excessive centralization in United Nations Headquarters is a core problem, exacerbated by distance and the time difference with Geneva. Many financial and administrative functions are carried out for UNCTAD by the United Nations Office at Geneva (UNOG) and the distribution of labour between them does not always seem to be very clear. The Director General of UNOG has recently submitted comprehensive proposals to the Secretary-General for improving the functioning of UNOG based on the recommendations of a Round Table in which UNCTAD, among others, was represented, and which include recommendations for the delegation of certain functions to UNOG from New York. In this connection a management study is planned. **It is strongly recommended that the terms of reference of this study, and its proposals, take full account of the need to establish more flexible and expeditious arrangements for operational programmes such as that of UNCTAD, especially as regards recruitment of specialized personnel, and the handling of contracts and procurements (including, in the latter case, for instance, greater representation of UNCTAD on the contracts committee when questions pertaining to UNCTAD's technical cooperation programme are decided).**

107. People are more important to effective operations than even the most ideal organizational structure; desirable as the latter may be, it will be inoperable unless staffing is appropriate, highly qualified and motivated. United Nations personnel systems have little room for manoeuvre to adapt to changing requirements or to divest the organization of persons whose type of expertise is no longer required or whose performance is inadequate. UNCTAD is no exception. The radical new departure posted by Cartagena requires some personnel changes that can therefore be met only over time, but the steps to initiate them should be taken immediately. One of the obstacles to rapid response to changing demands, especially in an organization offering high-level technological services, is the heavy reliance on permanent contracts. **In future, more emphasis should be placed on fixed-term contracts. Furthermore, it would not be cost-effective for UNCTAD to employ, on a permanent basis, specialists in all the areas in which it may be required to provide urgent, ad hoc, short-term consultancies. The provision of lists of**

in-kind services by member States and others proposed in paragraph 90 above would provide part of the solution. There should also be a system of "retainers", and "when actually employed" arrangements to ensure the ready availability of qualified and experienced consultants of proven worth. CTC has a good track record in innovative and effective practices of this kind which the rest of UNCTAD would be well advised to follow. It is greatly to be hoped that CTC's experience in this and related aspects will be extended to the whole of UNCTAD, rather than CTC being expected to conform to more traditional procedures. These again are matters that should be taken into account in the proposed management study.

108. One interesting new procedure for delivering technical cooperation suggested to the consultants during the course of this study would consist of establishing a consultancy firm, which would transact business at arm's length from the main UNCTAD secretariat, to market UNCTAD products and services. It could be a consultancy firm established under the laws of a selected country confined, in the first instance, to areas such as data management and computer software development and dissemination - both of them activities which have gained in importance in UNCTAD in recent years. The firm should be a non-profit making body, recovering its costs, and responsible to UNCTAD. There is no precedent within the United Nations system for this type of consultancy firm but this should not be an obstacle to its establishment and certainly not for the detailed consideration of its feasibility. Other parts of the United Nations system might benefit from examining the legality and technical feasibility of such autonomous consultancy arrangements, at a time when there are demands for commercial viability in many spheres of activity. It is recommended that a feasibility study be undertaken, as a form of "preparatory assistance" to be funded by interested donor countries. The cost of such study should not be prohibitive.

4. Overhead costs

109. The use of overhead funds earned by UNCTAD through its technical cooperation activities, and currently estimated at an annual US$ 2.5 million, is a bone of contention within the organization. These funds have been allocated to various Divisions on the basis of criteria which are not clearly established and are certainly not transparent. Some Divisions feel that they have been neglected, while others have been favoured, and equity is therefore the victim. The secretariat should devise, and urgently apply, an open and transparent formula by which overhead charges can be distributed between the substantive Division concerned (which will obtain the major share), the Administrative Service division, and the technical coordination unit. There are several models in other United Nations agencies which might be usefully adapted for UNCTAD.

110. The terms of reference for the present study also invite examination of the implication for UNCTAD of UNDP's new support cost regime. At present there are none, since UNCTAD, like other so-called "smaller agencies" still operates under the flat 13 per cent regime of old. It is possible that the Governing Council of UNDP may move towards the application of the new regime to UNCTAD. It is also possible that the system, which it is understood is proving complicated to administer, may itself be modified. In these circumstances it is difficult to hazard any judgement. It may be that an

arrangement following the principles of the new methodology whereby support costs are provided, not only for specific projects, but also for substantive research and analysis related to technical cooperation, could, if carefully negotiated, prove advantageous to UNCTAD, especially in fortifying the links between regular substantive work and operation activities.

E. Role of the Trade and Development Board

111. Given the new importance and integral position of technical cooperation in UNCTAD, and the need for greater transparency and policy guidance for the programme, **it is imperative that the Trade and Development Board devote similar attention to technical cooperation as it does to the policy-related analysis and research work of the organization.** Its role should be policy-setting, review of progress achieved in meeting the Cartagena objectives, and the establishment of priorities - this last is a particularly important function since the present and foreseeable level of UNCTAD's resources will not allow it to deal adequately with the full inventory of desired activities included in the Cartagena Commitment. The Board should also deal with funding questions, including the oversight of the proposed General Trust Fund, and review evaluations of the impact of UNCTAD's technical cooperation. **For this purpose, the secretariat should prepare a detailed annual report covering all relevant aspects. This should be reviewed first by the Working Party on the Medium Term Plan and Programme Budget, which would present its own comments and recommendations to the Board. These cannot, however, be a substitute for in-depth examination by the Board itself. It is therefore recommended that the Board devote two days once a year to this in-depth review.**

VII. MAIN CONCLUSIONS AND RECOMMENDATIONS

112. Conclusions and recommendations of varying degrees of importance appear throughout the report. To facilitate identification, the recommendations are presented in bold type in the text. In this section only the main conclusions and recommendations are singled out.

A. Main conclusions

113. The new directions set out at Cartagena require technical cooperation to become a central and integral part of UNCTAD's work programmes, along with research and analytical and negotiating functions. Progress has been made towards attaining this synergy - a process facilitated, among other factors, by the support extended by the regular budget to technical cooperation projects and programmes financed by extrabudgetary resources. Nevertheless, there is still room for greater integration. One of the problems is that the extensive mandates for technical cooperation activities from Cartagena, and from other subsidiary intergovernmental bodies within UNCTAD, give no clear definition of priorities, and the resources so far provided are not sufficient to enable UNCTAD to carry out all the tasks that member States have requested.

114. A marked increase in extrabudgetary contributions has led to a substantial growth in technical cooperation. UNCTAD is probably the leading technical cooperation agency in the trade sector, as broadly defined. The decline of the share of UNDP, and the rise in bilateral trust funds, have led

to greater conditionality and tying of funds. Hence, the availability and the pattern of extrabudgetary resources have determined the structure and geographic distribution of UNCTAD's technical cooperation programme. The bulk of resources available is allocated to areas such as data management and transport, and there is a scarcity of funds for other mainstream activities of UNCTAD, such as trade and finance and commodities as well as for general policy advice. As a consequence, the objective of Cartagena to promote more intensive linkages among research and analysis, the negotiating function and technical cooperation have not materialized to the extent desirable.

115. The goals of the Cartagena Commitment cannot be attained by action within the secretariat alone. Member States themselves, both developed and developing, have a key role to play and need to review their own policies, particularly in the light of the appeal in Cartagena for political support and increased extrabudgetary financial contributions to ensure a strengthened and expanded technical cooperation programme. Clear policy guidance is required as well as more predictable and flexible arrangements for financing technical cooperation, especially for policy development. To the extent that funding falls short of requirements, it is essential that member States establish priorities among the ambitious inventory of activities established at Cartagena.

116. Notwithstanding financial constraints, there has been a generally overwhelmingly favourable opinion expressed with regard to UNCTAD's technical cooperation activities. These have responded to practical policy and operational concerns of Governments in many fields and, though not high profile, have a crucial bearing on the economic prospects of many developing countries.

117. The contribution and impact of UNCTAD technical cooperation has strengthened negotiating capacities in multilateral rule making, and in areas such as trade and finance, in the improvement of systems and procedures at the country level (ASYCUDA, DMFAS), and in selected areas of human resources development. There would appear to have been relatively little impact on national policy-making and on economic cooperation among developing countries, though admittedly these are areas in which results are difficult to measure.

118. The contribution of UNCTAD to human resources development through training, while useful, has been limited by heavy concentration on short-term training programmes. A more cohesive approach to training, including longer-term courses and relationships with training institutions, is required.

119. Technical cooperation activities need to be differentiated as between developing countries, to take account of the varying needs and demands, and the fact that many developing countries now require more sophisticated training and advisory services.

120. The potential contribution of UNCTAD in technical cooperation in the broad field of economic development, including trade and finance, has not been fully recognized at the country level by Governments and others, for several reasons: lack of a country presence; competing claims from other

organizations, especially the Bretton Woods institutions; and the diverse constituency for UNCTAD's work programmes. This calls for a more vigorous effort to reach out to developing countries and to the UNDP Resident Representatives/UN Resident Coordinators.

121. There are major changes in the context in which UNCTAD's technical cooperation programmes have to be undertaken among which are the following: trade liberalization; new multilateral trading norms; the expected establishment of WTO; the diminishing role of the State; the central role of the private sector in international trade in developing countries; the regional factor. These changes demand corresponding shifts in technical cooperation concepts and methodology.

122. There is a great demand for technical cooperation from UNCTAD in areas of vital importance for developing countries. Provided funding is made available, this could result in very considerable expansion of UNCTAD's technical cooperation programme. The prospective establishment of the WTO, rather than replacing technical cooperation programmes of UNCTAD, calls for a more intensive effort from UNCTAD to support developing countries in adjusting to new multilateral trading rules as well as in conceptual consensus-building on new issues related to trade. It presents a great challenge and a great opportunity.

123. There are formal mechanisms for UNCTAD to collaborate with the International Trade Centre UNCTAD/GATT, as well as practical arrangements for collaboration in specific projects and programmes, but there has been no continuing effort at dialogue and division of labour between the two institutions, especially at a policy level. There is considerable scope for more efficient forms of cooperation, including joint projects.

124. While the management of technical cooperation activities has been generally efficient, a number of United Nations administrative, personnel and financial procedures, not geared to operational programmes, have impeded the speedy disposal of business. Such difficulties need to be overcome to enable UNCTAD to meet reasonable requirements of bilateral and other funding agencies outside the United Nations system.

B. Main recommendations

125. UNCTAD should develop a comprehensive technical cooperation policy, based on the mandates of Cartagena, the elements of which should include, among others, setting of priorities, integration of regular programme activities with those financed from extrabudgetary sources, interdisciplinary and interdivisional collaboration, development of new methodologies, innovative mechanisms of financing, and a flexible administrative structure.

126. Financial constraints demand that there should be selectivity in the choice of technical cooperation activities to be implemented. Five broad principles - comparative advantage, complementarity, strategic and catalytic interventions, differentiation and focus on the poor - should guide UNCTAD when determining the areas and activities for technical cooperation.

127. UNCTAD should facilitate the development of trade sector strategies in developing countries which provide a framework within which technical cooperation from UNCTAD and other bilateral and multilateral agencies can be undertaken. These sector strategies could help to develop a programme approach in technical cooperation in the trade sector.

128. For the benefit of both developing countries and donor agencies, particularly UNDP, UNCTAD should clearly set out the explicit and implicit relationships between trade and economic growth and sustainable human development, and propose specific ways in which technical cooperation could be used to strengthen those links.

129. UNCTAD's technical cooperation activities should be adjusted and reformed to take full account of the changed external circumstances, among which are trade liberalization, the intensive linkages between trade, finance and technology, the diminished role of the State, the new importance of the private sector, and the significance of regional economic cooperation. Much greater interdivisional and interdisciplinary collaboration needs to be developed, so that there will be greater impact at country level.

130. Greater transparency requires not only more comprehensive reporting by the secretariat to intergovernmental bodies but also greater involvement by the latter. The professional and technical capacities of these bodies, particularly the Working Groups, should be valuable in linking up with technical cooperation activities in the field. The secretariat should prepare an annual comprehensive report covering all aspects of the programme, which should be considered in the first instance by the Working Party on the Medium-term Plan and Programme Budget. The report, with the Working Party's comments and recommendations, should then be the subject of an in-depth review by the Trade and Development Board, which should devote at least two days for this purpose, and take any necessary decisions regarding policies, priorities, methodologies and funding.

131. As an integral part of a comprehensive technical cooperation policy, UNCTAD should establish close working relations with UNDP on trade sector and related issues; agree on a division of labour and effective coordination mechanisms with ITC; develop a collaborative and complementary relationship with the prospective WTO at an early stage; and cooperate, as and when desirable and practical, with United Nations system agencies, especially the regional commissions, and with the two Bretton Woods institutions.

132. UNCTAD should aim at developing a more balanced and predictable structure of extrabudgetary resources, and towards this end it should (a) engage in negotiations with UNDP to obtain access to more resources at the interregional, regional and country levels for trade-sector policy work; (b) establish a General Trust Fund to receive contributions from bilateral donors, and others, for policy-related technical cooperation activities; (c) explore new non-traditional sources of funds, including the private sector. More systematic provision of "in-kind" contributions should be encouraged from both Governments and the private sector, as well as various arrangements for payments of services rendered or for self-financing.

133. Cost-effective technical cooperation methodologies should be developed to transfer knowledge and skills to developing countries, and consideration should be given to establishing longer-term relationships with research and training institutions in those countries and with specialized intergovernmental and non-governmental bodies. Other mechanisms such as correspondence contacts with policy makers need to be explored. The focus of all technical cooperation activities should be institutional development in developing countries.

134. Higher priority should be given to more extensive engagement in policy advisory work at the national level on macroeconomic issues, and for this purpose regular budgetary and extrabudgetary resources should be mobilized. Such advisory work can be in the context of policy adjustments to multilateral norms, and in the continuing adjustment of macroeconomic policies. An interdisciplinary "fire-fighting" capacity should be established immediately to respond speedily and effectively to country requests for urgent policy advice.

135. UNCTAD's efforts to develop human resources need to be more cohesively structured, and current short-term arrangements should be supplemented by more long-term courses. Training activities should be brought together under the umbrella of a small Trade Development Institute, functioning in Geneva from the secretariat.

136. UNCTAD should undertake a study on the feasibility of establishing an autonomous, non-profit-making consultancy firm, closely associated with the organization, which would be entrusted with the task of development and sale of computer software, and other computerized systems in the broad field of trade. Any such arrangement should be self-financing and could make an important contribution to the development of systems and procedures in developing countries.

137. The present system of decentralization of primary responsibility for the design and implementation of technical cooperation projects to the respective substantive Division should be maintained but better overall discipline and consistency should be ensured by closer coordination of policy and funding. The Technical Cooperation Policy and Coordination Unit should be immediately strengthened to this end. The Unit should ensure the development of a comprehensive technical cooperation policy and consistent approaches to donors and methodologies of technical cooperation. More emphasis should be given to monitoring, evaluation, reporting and information systems. The administrative load on substantive staff should be lightened by the appointment of project management officers. A small Technical Cooperation Committee should be set up at senior level to ensure consistent policies and greater interdisciplinary interaction and exchange of information.

138. The administration of UNCTAD's technical cooperation must be streamlined and made more responsive to operational and funding needs. In the context of the proposed management study to be undertaken in the United Nations Office at Geneva, particular attention should be paid to the special requirements of UNCTAD as an operational agency having to attract extrabudgetary funds and the consequent need to establish flexible and expeditious arrangements, including delegated authority as appropriate, especially as regards the recruitment of

specialized personnel and the handling of contracts and procurements. There should be more emphasis on fixed-term contracts and on "retainers" and "when actually employed" arrangements.

139. Immediate action should be taken to allocate the overhead charges received by UNCTAD for technical cooperation administration, in an equitable and transparent manner. A formula should be developed, guided by some of the models that are available from other United Nations agencies. The major share of overhead charges should be allocated to the substantive Division concerned.

140. UNCTAD should embark on an extensive effort to familiarize individual developing countries with its technical cooperation work programmes. UNDP Resident Representatives and United Nations Resident Coordinators should be kept fully informed, and information should be disseminated through a regular system of newsletters and correspondence.

Notes

1/ Para. 50 of the Cartagena Commitment (text reproduced in annex I).

2/ Idem., para. 68 (see annex I).

3/ Idem., paras. 61 and 62 (see annex I).

4/ Although the report concentrates on developing countries, the consultants recognize that economies in transition may also wish to avail themselves of the services of UNCTAD's technical cooperation programmes.

5/ Idem., para. 68 (see annex I).

6/ Review of the Technical Co-operation Activities of UNCTAD - Technical Cooperation Programme of UNCTAD, 1989-1991 (TD/B/WP/76 of 6 July 1992).

Annex I

EXTRACTS FROM

A NEW PARTNERSHIP FOR DEVELOPMENT: THE CARTAGENA COMMITMENT

Para. 50

"In line with [the mandate of UNCTAD in the field of international trade and related problems of economic development], the functions of UNCTAD comprise policy analysis; intergovernmental deliberation, consensus building and negotiation; monitoring, implementation and follow-up; and technical cooperation. These functions are interrelated and call for constant cross-fertilization between the relevant functions."

Para. 61

"Technical cooperation should be strengthened, expanded with the resources available and integrated into all relevant areas of UNCTAD's work, taking into account the need for effective interaction among the main functions of UNCTAD and the need for continued effective coordination with other technical cooperation agencies of the United Nations system. It is a component of a comprehensive development approach to support domestic efforts in UNCTAD's fields of competence and to strengthen the capacity of countries to manage their own development process, as well as to be both full participants in, and beneficiaries of, international deliberations in these areas."

Para. 62

"A strengthened and expanded technical cooperation programme will require political support and increased extrabudgetary financial contributions. The Conference welcomes the growth of financial contributions during the past few years. It further invites member States to contribute, or as the case may be, to increase their contributions to UNCTAD's technical cooperation, particularly for the purposes outlined in this document. The policy review of UNCTAD's technical cooperation referred to in para. 68 below should assess the results and as necessary ensure continued support for these activities. Developing countries, in the context of their national priorities, should arrange for adequate provision to be made for technical cooperation as regards trade and development in the context of UNDP country and intercountry programmes and in programmes financed by bilateral and other multilateral donors. Interested countries are invited to make use of the services of UNCTAD and of ITC in this respect, including for the assessment of technical cooperation needs. UNCTAD and ITC should continue their efforts to achieve complementarity in their technical cooperation activities."

Para. 68

"The Board will conduct, midway between Conferences, a review and evaluation of the work programme of the intergovernmental machinery, including its own; of technical assistance programmes; and, bearing in mind the calendar established in this regard, of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following Conference."

Annex II

POLICY REVIEW OF TECHNICAL COOPERATION

Terms of reference

Background

In accordance with paragraphs 62 and 68 of the Cartagena Commitment, the Trade and Development Board will conduct (in May 1994) a "mid-term" (i.e. between conferences) review of its work programmes. This exercise will encompass a "review and evaluation, inter alia, **"of the work programme of the intergovernmental machinery; of technical assistance programmes;** and, bearing in mind the calendar established in this regard, **of the programme budget and medium-term plan, so as to ensure full integration of all work undertaken by UNCTAD and to establish or adjust priorities for the period up to the following conference" (para. 68 of the Cartagena Commitment).** Paragraph 62 states that the **"policy review"** of technical cooperation **"should assess the results and as necessary ensure continued support for these activities".**

The Secretary-General believes that the best way in which the Board could be assisted in its review is through a report to be prepared by independent consultants. The report will be submitted through the Secretary-General directly to the Board.

The consultants are reques ed to advise the Board on how

> **"technical cooperation should be strengthened, expanded with the resources available and integrated into all relevant areas of UNCTAD's work, taking into account the need for effective integration among the main functions of UNCTAD and the need for continued effective coordination with other technical cooperation agencies of the United Nations system"** (para. 61 of the Cartagena Commitment).

Issues to be covered

There is intrinsic merit in an **independent** report reviewing the impact and results of UNCTAD's technical cooperation. The consultants are encouraged to address any issue which they feel would assist the Board in its policy review. The following is a flexible check-list of items which the consultants may find helpful in their work:

- **impact and results** of UNCTAD's technical cooperation, and the lessons to be learnt from the implementation of programmes/projects (drawing on for example, evaluation reports of UNCTAD projects);
- **areas for the development** of UNCTAD's technical cooperation, including (i) those arising from the Cartagena Commitment and other UNCTAD intergovernmental meetings; and (ii) those relating to transnational corporations, investment, science and technology consequent upon the transfer of the relevant United Nations programmes from New York to UNCTAD/Geneva;

- in light of the needs of developing countries and of UNCTAD mandates and competences, whether there are **significant "gaps"** in the programme as a whole, and whether UNCTAD should launch a new programme of policy-based advisory services;

- ways and means of strengthening UNCTAD's contribution to **capacity-building and human resource development** of developing countries and countries in transition;

- issues relating to **resource mobilization** from both existing and potential new donors, including whether there is likely to be support for a general UNCTAD trust fund for technical cooperation (i.e. for which contributions are unearmarked and therefore available on a flexible basis); and if so, what would be the quid pro quo with the donors for such an arrangement;

- **the future of UNCTAD's technical cooperation activities**, including implications of developments in United Nations system-wide operational activities on modalities of implementation (viz. "national execution", "programme approach" and new support cost regime);

- the **integration** of technical cooperation with the other main functions of UNCTAD, so that it becomes a more effective modality or instrument of cooperation between member States and the UNCTAD secretariat; and, specifically, the implications of research and policy analysis and technical cooperation; a/

- ways and means of **strengthening and streamlining** relations at the operational level between UNCTAD and ITC, as well as cooperation with other organizations engaged in technical cooperation for trade and development (e.g. World Bank, IMF, GATT, regional economic commissions, FAO, UNDO, ILO, IMO, European Union, OECD, regional economic groupings of developing countries); and

- opportunities to increase **awareness**, especially in beneficiary countries, of UNCTAD's technical cooperation activities.

The secretariat will not provide the independent consultants with an outline of the report; nor will it clear the report to the Board.

Timing and reporting. The exercise will be undertaken in January/February 1994 for a period of six weeks. The consultants report should be not more than 24 single spaced pages and should be submitted by 28 February 1994. In addition, the Secretary-General would appreciate if the consultants would, jointly or separately, leave behind any comments or notes of a more detailed nature which space limitations or other considerations do not permit inclusion in the report.

The UNCTAD secretariat will arrange for the consultants to meet with a broad range of delegations from beneficiary countries and donor countries based in Geneva. To the extent possible with limited resources, consultations will also be arranged with officials in selected countries.

Subject to the appropriate arrangements being made, it is understood that the consultants would present their report to the Board at its 25-27 May 1994 session.

UNCTAD/Geneva
30 November 1993

Note

a/ In the United Nations, there is an often expressed dichotomy between "policy analysis/standard setting" (and thus regular budget) on the one hand and "technical cooperation" or "operational activities" (and thus in principle extra-budgetary) on the other hand. The question arises as to whether, in UNCTAD, this dichotomy continues to be valid when both functions are to be integrated and managed together.

Annex III

LIST OF MEMBER STATES AND ORGANIZATIONS CONSULTED

1. On behalf of the consultants, the secretariat of UNCTAD sent communications to all missions based in Geneva informing member States of the policy review of technical cooperation and inviting views. In addition, the secretariat arranged for the consultants to meet with delegations. The consultants met with the President of the Trade and Development Board, coordinators of regional groups and representatives of the following States members of UNCTAD:

Algeria, Bangladesh, Belgium, Brazil, Chile, China, Denmark, Egypt, El Salvador, Finland, France, Germany, Greece, India, Indonesia, Israel, Italy, Jamaica, Japan, Jordan, Netherlands, Norway, Pakistan, Peru, Philippines, Portugal, Romania, Russian Federation, South Africa, Sri Lanka, Switzerland, Tunisia, United Kingdom, United Republic of Tanzania, United States of America, Uruguay.

2. The consultants also met with representatives of the Palestine Liberation Organization.

3. Meetings were also held with government officials in Washington (United States), Harare (Zimbabwe) and La Paz (Bolivia).

4. The consultants met with the Secretary-General and senior officials of UNCTAD.

5. The consultants met with the UNDP Administrator and other UNDP officials, and with senior officials of the following other organizations:

The European Union, GATT, ITC (UNCTAD/GATT), the World Bank.

6. Letters were also addressed to United Nations Resident Coordinators in 36 countries where UNCTAD has significant programmes.

7. Copies of the communications to missions and to Resident Coordinators are attached as Annex IV. Responses were received in written and oral form, both from Governments and Resident Coordinators.

Annex IV

CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

Télégrammes: UNATIONS, GENEVE
Téléx: 41 29 62
Téléfax: 41 22 733 65 42
Téléphone: 734 60 11 731 02 11

Palais des Nations
CH-1211 GENEVE 10

30 December 1993

Ref.N°.
(à rappeler dans la réponse)

Dear Mr. Ambassador,

In accordance with paragraphs 62 and 68 of the Cartagena Commitment, the Trade and Development Board will conduct (in May 1994) a "mid-term" (i.e. between conferences) review of its work programmes. This exercise will include **"a review and evaluation ... of technical assistance programmes ... (para. 68 of the Cartagena Commitment)**. Paragraph 62 states that the **"policy review"** of technical cooperation **"should assess the results and as necessary ensure continued support for these activities"**.

The Secretary-General believes that the best way in which the Board could be assisted in its review is through a report to be prepared by independent report. He has accordingly invited Ms. Margaret J. Anstee, former Under-Secretary-General of the United Nations, and Mr. Leelananda de Silva, consultant, to prepare a report on UNCTAD's technical cooperation.

The consultants have been requested to consider how **"technical cooperation should be strengthened, expanded with the resources available and integrated into all relevant areas of UNCTAD's work, taking into account the need for effective integration among the main functions of UNCTAD and the need for continued effective coordination with other technical cooperation agencies of the United Nations system"** (para. 61 of the Cartagena Commitment).

Ms. Anstee and Mr. de Silva will be undertaking their review during January and February 1994. We will arrange for them to meet with delegations, in order to benefit from the views and opinions of as many member States as possible. They have been asked to submit their report by 28 February.

../..

Letters addressed to Missions in Geneva

I enclose a copy of the terms of reference for the exercise, together with a copy of a letter I have sent to a limited number of Resident Coordinators in those countries in which UNCTAD has undertaken a significant amount of technical cooperation activities.

Ms. Anstee and Mr. de Silva would appreciate the comments and opinions of your Government on the issues raised in these communications, either in writing of during their meetings with delegations.

Please accept, Mr. Ambassador, the assurances of my highest consideration,

Yours sincerely,

John M. Burley
Chief, Technical Cooperation
Policy and Coordination

CONFERENCE DES NATIONS UNIES SUR LE COMMERCE ET LE DEVELOPPEMENT

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30 December 1993

Ref.N°.
(à rappeler dans la réponse)

Dear

I write to request your personal contribution to a review of UNCTAD's technical cooperation.

At the request of UNCTAD VIII (**the Cartagena Commitment**), the Trade and Development Board will undertake in May 1994 a **policy review** of UNCTAD's technical cooperation. The Board, which will be discussing this matter for the first time ever, will explore how **"technical cooperation should be strengthened, expanded with resources available and integrated into all relevant areas of UNCTAD's work"**.

The Secretary-General of UNCTAD believes that the best way in which the Board could be assisted in its review is through a report to be prepared by independent consultants. I am very pleased to say that Ms. Margaret Anstee and Mr. Leelanda da Silva have kindly agreed to Mr. Dadzie's request to prepare this report during the course of January-February 1994.

Ms. Anstee and Mr. de Silva would greatly appreciate the views of Resident Coordinators in a limited number of countries where UNCTAD has been actively involved in technical cooperation covering a range of subjects. They hope that you will be able to find the time to let them have the benefit of your views and experience of UNCTAD's technical cooperation activities.

As you know, UNCTAD has a broad mandate for development encompassing both general development policy issues and specific technical subjects in the areas of **trade**, **money and finance**, and **transport**. It also has special responsibilities for least developed countries, land-locked and island developing countries, and for the promotion of economic cooperation among developing countries.

Letter addressed to United Nations Resident Coordinators in 36 countries

Ms. Anstee and Mr. de Silva would appreciate your overall judgement regarding the relevance and effectiveness of UNCTAD's technical cooperation in your country of assignment. Your views on successful undertakings and shortcomings would be most helpful, illustrated as desirable from particular case histories. Your advice on any distinctive contributions made by UNCTAD would be useful. They have in mind, for example, such matters as specific advice on policy or technical matters, or the provision of computer-based management information systems (for example on customs administration, debt management or cargo tracking), or training programmes such as TRAINMAR or TRAINFORTRADE.

A large part of UNCTAD's technical cooperation is carried out through regional and interregional activities, in which Resident Coordinators are involved (regrettably) to a much less extent than for specific country projects. These activities support both national development **and** cooperation among developing countries. Support for the Uruguay Round of Multilateral Trade Negotiations and for subregional economic cooperation and integration are cases in point. The impact of these activities is felt at the regional and interregional level, but it would be also helpful if you could comment on the impact of this type of work on the building of national capacities and whether national decision makers are as fully conversant as desirable on the potentialities and implications of UNCTAD's inter-country technical cooperation activities.

UNCTAD's services have been utilized more intensively by some Government agencies than others and by some countries more than others. The consultants would appreciate your views on this matter. For example, is it because some agencies, and some Resident Coordinators, are more familiar with UNCTAD's services and expertise? Or is it because there are other TC facilities available in the same areas, particularly in the macroeconomic policy area and the financial sector from the Brettons Woods institutions.

UNCTAD is trying to stimulate much more intensive interaction between dialogue, consultation and policy-making at the "global" level on the one hand and decision-making at the national level on the other hand. This also corresponds to UNDP's encouragement of the programme approach and the desire to move into more policy-making activities. Your thoughts on what kind of contribution UNCTAD could make to this process would also be appreciated.

What the opportunities for UNCTAD to be more extensively involved in the development of macroeconomic and sectoral policies at the national level? Are there feasible ways of increasing the choices available to Governments in determining policy, and in that context enabling UNCTAD to be more actively involved in offering alternative policy options? How can UNCTAD, without a direct field presence, strengthen the capacities of Resident Coordinators and enable them to play a more active role in engaging government agencies in the work of UNCTAD?

The above set of issues touch on UNCTAD's "record" on technical cooperation and future possibilities. Ms. Anstee and Mr. de Silva would also greatly appreciate your thoughts on future trends and directions and on how UNCTAD's technical cooperation could be made more effective. In responding, you will no doubt wish to bear in mind the reforms introduced

at UNCTAD VIII as regards both the new methods of work in UNCTAD at the intergovernmental level and the new areas of work, as well as the implications of the transfer to UNCTAD in 1993 of the United Nations programmes on transnational corporations and science and technology. a/

In light of your knowledge of the changing technical cooperation requirements of your country of assignment, the consultants would appreciate your thoughts on those areas to which UNCTAD could contribute. For example, are there fields of activity where your country could have benefited from (more) technical cooperation from UNCTAD and if so, what are/were the main constraints to accessing such technical cooperation? As a related point, they would also be grateful for your comments on how UNCTAD could be more effective in collaborating with other TC organizations (multilateral or bilateral) so as to offer the country in question access to UNCTAD's particular skills and expertise.

We all recognize the constraints on your time, but we hope that you will be able to respond to this letter, if at all possible, by the end of January 1994. I am sending a copy of this letter to the Geneva Mission of your country of assignment, with a request that it be forwarded to the Government department dealing with UNCTAD. You may wish in turn to contact that department, and those other government agencies that have drawn, or could draw upon, UNCTAD's technical cooperation in order to obtain a range of views that will be helpful to Ms. Anstee and Mr. de Silva.

Please reply to Ms. Anstee c/o my Office. I thank you, on behalf of the consultants for your time and effort in responding to this inquiry.

With best wishes for 1994.

Yours sincerely,

John M. Burley
Chief, Technical Cooperation
Policy and Coordination

Note

a/ New methods of intergovernmental work include an emphasis on an exchange of national experiences, as a basis for making policy recommendations and an agreement to operate by consensus. Examples of new areas of work include sustainable development and trade and the environment (arising from UNCED) and trade efficiency, privatization and poverty alleviation (arising from UNCTAD VIII). UNCTAD's capacity to offer policy and technical advice in the closely interrelated areas of investment and technology has been greatly enhanced by the transfer of the relevant programmes and staff from New York to Geneva.